The Budget Book

2017/18

Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —

BUDGET BOOK 2017/18

Audit and Risk Scrutiny Committee - 7 February 2017

Cabinet - 9 February 2017

CONTENTS

Dave Hill
Head of Finance & Property & Section 151 Officer

Agenda Item No.

BASSETLAW DISTRICT COUNCIL

CABINET

9th FEBRUARY 2017

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

GENERAL FUND REVENUE BUDGET 2017/18 TO 2019/20

Cabinet Member: Finance
Contact: Dave Hill
Ext: 3174

1. Public Interest Test

1.1 The author of this report, Dave Hill, has determined that the report is not confidential.

2. Purpose of the Report

2.1 To provide details for the General Fund Budget proposals for 2017/18, and make recommendations for the budget setting meeting at full Council on the 7th March 2017.

3. Background and Discussion

Introduction

3.1 The financial planning context for this budget report was set out in the Medium Term Financial Plan reported to Cabinet in December 2016. This identified a total net savings requirement of £4.6m over the next 4 years. Some savings have been identified which leaves a net saving as follows:

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	Total £'000
Net savings requirement	0	1,123	583	293	1,999

3.2 The budget report plays a key integral role in the development of the Council, and the services it provides for local people. This budget centres on five main known factors:

- The savings made during the last 12 months in preparation of the 2017/18 budget;
- The consolidation of further budget pressures that have been experienced since the start of the economic downturn in 2008;
- Support for the Corporate Plan and Members' priorities;
- The significant and ongoing withdrawal of Revenue Support Grant funding, which represents a further 37.6% reduction between 2016/17 and 2017/18;
- Members' aspirations for Council Tax.

3.3 This report sets out for Members all of the considerations that have had to be made to balance the budget for 2017/18, and to establish savings targets for 2018/19 and 2019/20.

3.4 As Members are aware, the continual reduction of Bassetlaw's grant income is putting sustained pressure on the organisation, and this is compounded by the lateness of the Finance Settlement information which was not announced until 15th December 2016.

Revenue Budget Overview

3.5 The Council's budget requirement is measured by the amount of Council expenditure that can be funded from external finances (Revenue Support Grant and Retained Business Rates), and from council tax income. The budget requirement comprises gross expenditure on services, less gross income from services, less any planned use of reserves.

3.6 The budget requirement for 2016/17 (excluding parishes) was £15.913m. The budget requirement for 2017/18 is calculated as follows:

Net Expenditure on Services	**£'000**	**External Finance**	**£'000**
Gross Expenditure	64,868	Revenue Support Grant	1,191
Gross Income	(50,638)	Retained Business Rates - Baseline	3,788
		Retained Business Rates – Above Baseline	742
		Section 31 Business Rates Grants	946
		Renewable Energy Retained Business Rates	482
		Council Tax Surplus	150
		Capital Grants	455
		New Homes Bonus Grant	1,633
		Rural Services Delivery Grant	43
		Neighbourhood Planning Grant	55
		Council Tax Admin Support Grant	144
Net Expenditure:	**14,230**	**External Finance:**	**9,629**
Use of Reserves	944	Council Tax Income	5,545
Budget Requirement:	**15,174**	**Income from Grant and Council Tax:**	**15,174**

3.7 The annual decrease in the budget requirement (net spending) for 2017/18 is £0.739m (4.6%). This relates to reductions in the budget to support the expected savings required to balance the 2017/18 budget, which are detailed in para 3.8.

2017/18 Budget Pressures

3.8 The budget components are covered in more detail in the *Robustness of Estimates and Adequacy of Reserves – 2017/18* report elsewhere on this agenda. As part of the budget process undertaken last year, the Council set a savings target of £0.719m to balance the budget for 2017/18. This has been achieved in year through a combination of:

Expenditure:

- Review of BDC/A1 Housing Service Level Agreements;
- Reductions in contingencies;
- Review of staff car mileage payments;
- Zero-based Budget Review;
- ICT Contract Reviews.

Income:

- Council tax increases and growth in the taxbase;
- Sharing of office accommodation;
- Retained business rates growth.

3.9 The underlying message for Members is that each year the savings target is becoming ever increasingly difficult to find. From the list of measures above, 69% (£0.496m) of the savings target has been met from non-staffing areas, and this is not sustainable.

3.10 All service budgets have been reduced over a number of years now (£10.5m or 30% since 2007/08), and this has impacted on the flexibility to respond to pressures once the budget has been set at the start of the financial year. Equally, it presents the continual challenge to senior managers and Members to identify suitable areas to address the identified shortfalls in funding year on year.

3.11 A particular problem, and this is not unique to Bassetlaw, is the proportionality of employee costs to the overall spending power of the Council. As illustrated in the table below, 54% of ‘real’ money (which excludes benefits payments and internal recharges), is attributable to the cost of employees. This means that the opportunity to find savings from non-employee expenditure becomes harder each year.

	Budget 2017/18	**Percentage**
	£’000	**%**
Employees	12,738	54
Premises	2,895	12
Transport	1,242	5
Supplies & Services	4,083	17
Third Party Payments (excl. parish precepts and transfers to reserves)	2,712	12
Total:	**23,670**	**100%**

2018/19 and 2019/20 Budget Pressures

3.12 The budget is summarised in Appendix 1, and this illustrates the magnitude of the task to provide a balanced budget each year. For 2018/19, the savings target has been set at £0.953m (which has changed from the figure identified in paragraph 3.1 reported in the MTFP reported in December 2016 due to updated information received) The savings target for 2019/20 is £0.708m, meaning a total of £1.661m has to be found by March 2020.

General Fund Revenue Reserves & Balances

3.13 The Local Government Act 2003 requires authorities to consider the level of reserves when calculating their budget requirements. Professional guidance is set out to assist in this deliberation. The Council is maintaining its minimum working balance of £1.0m in 2017/18. This is essential, as the KPMG External Audit Engagement Lead will comment on it as part of his Value for Money Arrangements work for Bassetlaw, which is an important reputational issue. The estimated position at the end of 2017/18 will be:

General Fund:	**Estimated Position At 31st March 2018 £'000**
Minimum Working Balance	1,000
General Reserve	661
Job Evaluation Reserve	381
New Homes Bonus Reserve (Revenue)*	590
Insurance Reserve	298
Business Rates Volatility Reserve	200
Business Rates Pooling Reserve	503
Retained Business Rates Reserve	257
Developers' Contributions Unapplied	59
Visitors Strategy Reserve	80
Income volatility Reserve	200
Leisure Management Trust	153
Invest to Save Reserve	95
Other Minor Reserves	328
Total	**£4,805**
New Homes Bonus Reserve (Capital)*	1,240
Total	**£6,045**

*Note: This relates to a decision by Cabinet in December 2015 that splits the New Homes Bonus between mainstream revenue support and the capital programme, effective from 2016/17.

3.14 The Council may have to meet the costs of staff leaving under the voluntary redundancy and voluntary early retirement arrangements this year, but it is expected that these will be found from in-year revenue savings. However, if these do not materialise, then some or all of these costs will have to be met from the Job Evaluation Reserve.

Local Government Finance Settlement 2017/18

3.15 The provisional finance settlement was published on 15th December 2016. It provides provisional figures for 2017/18 and indicative figures for the following three years.

3.16 The Settlement Funding Assessment from Central Government consists of the Revenue Support Grant and the Business Rates Baseline. This has now reduced to

35% of Bassetlaw's net budget for 2017/18. In 2010/11 this stood at 66%. The following table illustrates the changes the Council has had to deal with year on year:

	2013/14	2014/15	2015/16	2016/17	2017/18
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Revenue Support Grant	4,438*	4,094	2,801	1,907	1,191
Retained Business Rates Baseline	3,545**	3,613**	3,681**	3,712**	3,788**
Total	**£7,983**	**£7,707**	**£6,482**	**£5,619**	**£4,979**
Financial Reduction	**(£210)**	**(£276)**	**(£1,225)**	**(£863)**	**(£640)**
Percentage Reduction	(3%)	(3%)	(16%)	(13%)	(11%)

*Note: to aid comparison the 2013/14 RSG figure is net of the £0.888m council tax benefit support grant that was payable for that year.

**Note: the 2013-17 figures represent the amount the Council is allowed to keep under the retained business rates scheme before sharing any additional growth. This is no longer a central government grant and is based on government forecasts of expected collection of business rates in year.

3.17 Members should be aware that the above figures for 2017/18 include an allocation in respect of Homelessness Prevention Funding of £0.090m.

3.18 The government use *core spending power* as the key measure of a Council's funding. This is built up as follows:

Element of core spending power	**2016/17 £'000**	**2017/18 £'000**	**Change %**
Settlement Funding Assessment (SFA):			
• Revenue Support Grant	1,907	1,191	(37.6%)
• Business Rates Baseline	3,712	3,788	2.0%
	5,619	**4,979**	**(11.4%)**
New Homes Bonus grant (NHB)	1,990	1,633	(17.9%)
Council Tax Income	5,300	5,545	4.6%
Core Spending Power	**12,909**	**12,157**	**(5.8%)**

3.19 These figures show a reduction of 5.8% over 2016/17 which includes a confirmed decrease of 17.9% for New Homes Bonus. It should be noted that the future size of the New Homes Bonus income stream will reduce as the government introduces 5 year payments in 2017/18 and then 4 year payments in 2018/19 onwards. In addition, a 0.4% threshold will be introduced below which no payments are made. The four year estimates provided by government show a decline of 12.0% in core spending power over the four year period.

3.20 As part of the financial settlement this year, the Secretary of State for Communities and Local Government has offered a guaranteed budget to every council that wishes to take it up for a four-year period to 2019/20. The ethos of this is *"to enable more proactive planning of service delivery and support strategic collaboration with local partners."* This will be dependent upon the Council publishing an efficiency plan which was approved by Council on 29th September 2016. The allocations are outlined below:

	Actual 2016/17 £'000	**Proposed 2017/18 £'000**	**Indicative 2018/19 £'000**	**Indicative 2019/20 £'000**
Revenue Support Grant	1,907	1,191	734	224
Tariff	(15,410)	(12,390)	(12,789)	(13,244)
Retained Business Rates Baseline	19,122	16,178	16,697	17,293
Settlement Funding Assessment (SFA)	**£5,619**	**£4,979**	**£4,642**	**£4,273**
Financial Reduction	**(£863)**	**(£640)**	**(£337)**	**(£369)**
Percentage Reduction	**(13%)**	**(11%)**	**(7%)**	**(8%)**

3.21 The provision of indicative funding up to and including 2019/20 has allowed an update of the financial projections on which the Council's future savings requirements are based. The removal of Revenue Support Grant by the end of 2019/20 has now been confirmed. The assumption that the business rate baseline will continue to increase by RPI or 2%, whichever is the lower, remains. Proposals to allow councils to retain 100% of business rates income is currently going through the legislative process. The mechanism of top-ups and tariffs will remain, and additional responsibilities will be transferred to local government to reflect this additional funding. No changes have been made to the Council's funding projections as the impact of these changes cannot yet be assessed.

3.22 The Settlement Funding Assessment approach enables local authorities to benefit directly from supporting local business growth. The assessment includes a baseline level of business rates receivable (index-linked from an initial assessment in 2013/14), with the level of rates receivable above that being taken by government as a 'tariff' – which is used to 'top-up' local authorities who would receive less than their funding level i.e. most counties and unitary authorities. Government intends that this will be fixed until 2020.

3.23 In addition the Council retains 40% of any business rates collected above the assumed baseline level (with the County and Fire also receiving 9% and 1% respectively), with the remaining 50% being contributed to the Nottinghamshire Business Rates Pool. If business rates income falls to less than 92.5% of the baseline, the Council will receive a ‘safety net’ payment from the Pool, so that any loss of income below the baseline is capped at 7.5%.

3.24 One of the challenges faced by all authorities is effectively predicting the level of movement in the business rate tax base. This is dependent on accurately forecasting the timing and incidences of new properties, demolitions and significant refurbishments – together with the consequent effect on valuations. This is further complicated by the need to assess the level of appeals that will be lodged successfully against new/revised valuations, together with their timing.

3.25 Although there has been growth in the tax base since the scheme started in 2013/14, officers are also expecting significant reductions as a result of the settling of appeals against rateable value, which includes backdating to previous years. There are currently circa 600 appeals awaiting a decision from the Valuation Office, giving an estimated loss of business rate income of circa £10m (BDC share @ 40% = £4m). Provisions have been made in the accounts to cover these amounts, but the risk is always there that the value of the settled appeals could be much higher.

3.26 Significant uncertainties currently exist around the operation of the business rates retention scheme in the next few years. These include:

- The government has indicated that 100% retention will mean the transfer of additional funding burdens to local government. The exact timing of the change or whether it will be phased is not clear.

- A rates revaluation at 1st April 2017. At this stage both the rateable value of properties and the business rates multiplier will be revised so that the overall national business rates bill will only rise with inflation. Although intended to be fiscally neutral, it will be difficult for the impact of the revaluation to be completely neutral for every authority.

- The appeals position nationally remains difficult to forecast accurately with fresh appeals likely as a result of the 2017 Business Rates revaluation. National appeals could also have a significant affect locally. For example, NHS Trust properties and doctors surgeries are currently under appeal.

New Homes Bonus

3.27 The New Homes Bonus was first introduced in 2011/12 and this gave some relief against the backdrop of government grant cuts, but it is another variable that is top-sliced from the Revenue Support Grant, and is paid as a separate specific grant. From 2017/18 the Government will implement:

- A move to 5 year payments for both existing and future Bonus allocations in 2017/18 and then 4 years from 2018/19: and
- The introduction of a national baseline of 0.4% for 2017/18 below which allocations will not be made.

	£’000
New Homes Bonus 2013/14 (last year of payment is 2017/18)	345

New Homes Bonus 2014/15 (last year of payment is 2017/18)	355
New Homes Bonus 2015/16 (last year of payment is 2018/19)	344
New Homes Bonus 2016/17 (last year of payment is 2019/20)	400
New Homes Bonus 2017/18 (last year of payment is 2020/21)	189
TOTAL	**£1,633**

3.28 The new rules proposed by government reduce the amount of funding available from New Homes Bonus by £1.6m over the next 3 years. Although this has no direct effect on revenue it will reduce the amount available for capital projects.

3.29 Due to the uncertainty around this grant, and the Council's reliance on this money as mainstream funding, Cabinet agreed to reduce the amount used for core funding by £0.25m per annum as follows:

- 2015/16 £1.00m
- 2016/17 £0.75m
- 2017/18 £0.50m
- 2018/19 £0.25m
- 2019/20 £Nil

3.30 It was also agreed by Cabinet that the remaining balance of New Homes Bonus would then be utilised to fund the capital programme in future years from 2016/17

Inflation and Other Budget Provisions

3.31 An annual pay award of 1% has been built into the budget for future years. This has been supplemented in the budget for increases associated with the discretionary Living Wage. The results of the Pension Fund Triennial Valuation have been fed into the base budget for 17/18 onwards. The key impacts are an increase in the employer contribution rate from 13.5% to 16.2% and an increase in the past service deficit contribution of £0.163m in 17/18.

3.32 There is also a Corporate Contingency of £0.104m, plus a provision for external legal costs of £0.100m. Both of these measures should ensure that the Council has enough in-built flexibility to manage budgets throughout the financial year. There has however, been no increase allowed for inflation on supplies and services - in effect this means an in-built efficiency on these budgets.

Discretionary Grants to Outside Bodies

3.33 Despite current financial pressures, Bassetlaw will still provide a significant level of funding to the third sector, parish/town councils, and other external organisations during 2017/18 as follows:

	£'000
Grants for Voluntary & Community Sector	96
Councillor Community Grants	48
Parish/Town Concurrent Grants	7
Parish/Town Street Cleaning Grants	21
Parish/Town Public Convenience Grants	13

Parish/Town Cemetery Grants	10
Misterton Centre	9
Notts Wildlife Trust	3
Total	**207**

Council Tax

3.34 Bassetlaw did not increase its level of council tax between 2009/10 and 2013/14 and instead opted to take the Council Tax Freeze grant. This decision, however, came at a cost. Since 2009/10 the level of RPI increased by 21.2% (CPI by 15.4%) and Bassetlaw dealt with all these inflationary pressures through reductions in expenditure and not increased its local level of tax. This equated to £1.2m per annum in income that was foregone by the Council to assist residents' domestic budgets and the local economy.

3.35 For 2014/15, Members recognised this dilemma, but given the financial situation ahead, it was deemed prudent to reconsider this position, and approved a council tax increase of 1.5%.

3.36 A Council Tax Freeze grant of 1% was again offered by CLG in return for setting the council tax for 2015/16 at a zero per cent increase - however the Council made the decision for a 1.5% increase.

3.37 There was no offer of a Council Tax Freeze grant for 2016/17 and members approved an increase of 1.9%

3.38 The government have confirmed a referendum limit for 2017/18 of 2.0%.

3.39 The report to Council on 26th January 2017 proposed a council tax base for collection purposes of 33,916.77 Band D properties for 2017/18, which reflects a growth in Band D of 837 properties or 2.53%.

3.40 The average Band D council tax for 2016/17 for Bassetlaw District Council services is £160.43 or £3.86 per week. Due to the tight financial constraints in 2017/18 the budget has been prepared assuming a 1.9% increase which would mean a new council tax of £163.48. This represents an annual increase of £3.05, and a 6p per week increase.

3.41 As each 1% council tax increase generates an additional £0.053m of revenue for the Council, the maximum that could be levied before a local referendum is £0.106m, and this is very small compared to the gross budget for the General Fund which is £66.8m.

3.42 The majority of properties (approximately 51%) in the Council's area are in Band A with a 2016/17 council tax of £106.95. An increase of 1.9% for 2017/18 would mean a new council tax level of £108.98. This would represent an annual increase of £2.03, or a weekly increase of 4p.

3.43 Parish, Police, Fire and County precepts are still to be set by the precepting authorities and will be included in the Council Tax Resolution in the 7th March 2017 report.

Collection Fund Surplus

3.44 The Council is statutorily obliged on 15th January each year to prepare an estimate of its Collection Fund transactions for Council Tax. This estimate enables Bassetlaw and the three major precepting authorities to take account of any surpluses or deficits on the Fund when they set their own authority budgets.

3.45 Collections to 31st March 2016 were slightly better than forecast and resulted in a surplus of £1.675m carried forward. A surplus of £1.35m was declared on 15th January 2016 for 2016/17, and a surplus of £1.35m has been declared for 2017/18, which will be split between the major preceptors in line with their council tax requirements – for Bassetlaw, the share of the declared surplus is £0.148m. The primary reasons for the increase in council tax revenue are threefold: a higher collection rate, a higher than expected growth in property numbers, and less than expected payment amounts for housing benefits under the Local Council Tax Reduction Scheme.

3.46 The council taxbase report to Council on 26th January 2017 recommended that the estimated collection rate be retained at 98.0%.

Budget Consultation

3.47 Officers have consulted with the Council's stakeholders on the 2017/18 budget as follows:

- The Council Tax Reduction Scheme is a major part of the Council's budget as approximately £7.8m is spent on council tax benefits. The Reduction Scheme results from a change in government policy, whereby only 90% of the costs of council tax benefits was funded by central government in the first year, leaving Bassetlaw as the billing authority to find circa £0.8m through a combination of savings, charging 10% to council tax benefit recipients, and premiums on second and empty homes. A full consultation exercise has taken place on various options to meet the funding gap from 2017/18 onwards. In January 2017, Council approved a revised Council Tax Reduction Scheme for 2017/18 which took into consideration the responses form the consultation.

- Bassetlaw has a statutory duty to consult the business community as part of its budget preparations. A public meeting to fulfil this requirement will be held on the 13th February 2017.

Future Issues and Prospects

3.48 The impact of a number of uncertainties and challenges outlined below are likely to become clearer in 2017/18. The new or developing issues and projects which are not clear at the time of agreeing this budget report include:

- Announcements Made in the Spending Review – how 100% business rates retention will work in practice and what new responsibilities will be given to Council's are still unclear.

- Delivery of Planned Savings – the Council has delivered significant savings in previous years. As a result, current and future savings are more difficult to deliver. This represents a considerable challenge for the organisation.

- Financial Pressure on Other Partners – as other agencies come under spending pressure there may be direct impacts on services which are currently funded by them or in partnership with them. The County Council is facing significant cuts over coming years and the Health sector continues to be under stress. Even when there are not direct cuts to Council funding there are likely to be indirect impacts on our community based services.

- Devolution – the Council continues to explore the opportunities for devolution of government powers and spending with local partners. This may or may not provide new opportunities to deliver services in different ways.

- Welfare Reform – the government's plans to reform the country's system of welfare payments continue to have implications for the Council - not least the introduction of Universal Credit.

4. Implications

a) For service users.

The savings outlined in the report have enabled Members to keep council tax increases at a minimum, but budgets have already been significantly reduced over prolonged periods, and the Council is now facing further increasing pressure from central government cuts.

b) Strategic & Policy.

The General Fund revenue budget complements the capital report elsewhere on this agenda, and both contribute to the action plan that is the Corporate Plan.

c) Financial - Ref: 17/293

All of the financial implications are contained within the body of this report. If there are any further changes they will be itemised in the Budget Setting Report to full Council on the 7th March 2017.

d) Legal – Ref: 723/02/17

The Local Government Act 1988 provides the legislative framework which requires the Council to set a balanced budget. These responsibilities are placed in the Section 151 Officer as outlined in the *Robustness of Estimates and Adequacy of Reserves 2017/18* report elsewhere on this agenda.

e) Human Resources.

The outcome of the voluntary redundancy and voluntary early retirement programme is reported elsewhere on this agenda.

f) Community Safety, Equalities, Environmental.

The Equality Impact Assessment has been updated for the 2017/18 budget, and there are no adverse impacts.

g) This is Key Decision Number 609.

5. Options, Risks and Reasons for Recommendations

5.1 The Council is exposed to a number of risks and uncertainties which could affect its financial position and the deliverability of the proposed budget. These risks include:

- Savings plans may not deliver projected savings to expected timescales;
- Assumptions and estimates, such as inflation and interest rates, may prove incorrect;
- Funding from central government (Settlement Funding Assessment, New Homes Bonus, and other grants) may fall below projections;
- The actual impact and timing of local growth on the demand for some services may not reflect projections used;
- Increases in council tax and business rates receipts due to local growth may not meet expectations;
- Business rates appeals may exceed the provision set aside for this purpose;
- The local and national economic climate may change, impacting on some of the Council's income streams such as car parking income, commercial rents and planning fee income;
- New legislation or changes to existing legislation may have budgetary impacts.

5.2 The Council is required to set a balanced budget, but may otherwise vary its spending and taxation proposals below the excessive capping referendum trigger. For the 2017/18 revenue budget, the following decisions are available to Members:

i) Change the level of service spending or income projections;

ii) Revise the level of any reserves to support the revenue Budget;

iii) Change the planned level of increase in Council Tax for 2017/18;

iv) Revise the General Fund Capital Programme and its associated funding strategy.

6. Conclusions

6.1 The 2017/18 budget process has been planned and tightly controlled throughout the financial year enabling managers and Members the opportunity to deliver the required £0.719m savings target for 2017/18, with the minimum amount of disruption.

6.2 In addition the separate balancing of the Local Council Tax Reduction Scheme has been an additional task which Members and officers have had to address. This does not add to the financial stability of the Council as any growth in the cost of benefits (either through volume or cost increases) will now be required to be met locally. Moreover, the initial council tax support funding from central government has been transferred into the Revenue Support Grant, which is of course reducing year on year.

6.3 The budget has been constructed using a 1.9% council tax increase. As Bassetlaw's reserves and balances remain low in comparison to gross expenditure, the Council will need to reassess its financial position in July 2017 after the 2016/17 out-turn is finalised.

6.4 The voluntary redundancy/early retirement initiative has enabled the Council to make savings year on year, but these will be increasingly limited as the organisation contracts and continues to do so. Staff have been briefed about the scale of the challenge for the period 2017-2021 as another £2.0m of savings need to be found over the next four years.

6.5 Members and officers' attention is drawn to the budget shortfall of £0.953m in 2018/19 and how we address it.

6.6 These savings requirements stem from the expectation of significant reductions in government funding, and unavoidable cost increases and pressures. Whilst the Council has a record of identifying and delivering savings through service reviews and value for money improvements, many such savings have already been delivered and it is becoming more difficult to identify and deliver further savings and efficiencies.

6.7 As part of the multi-year settlement, an Efficiency Plan was developed to pinpoint where and how savings would be made. The plan identified 3 main themes:

- Income Generation
- Contract Management
- Efficiency and Effectiveness

6.8 Additional income must be raised from a combination of increasing fees and charges above the level of inflation, and adopting a more innovative and enterprising approach for managing property i.e. an asset should make a suitable rate of return otherwise it needs to be considered for disposal. During 2017/18 work will commence on developing an comprehensive Asset Management Plan to ensure assets are being used to their full potential. Further letting of available space in buildings must also be considered to increase rental income levels.

6.9 Potential income generation options exist in the form of the expansion of the CCTV and broadband functions, the development of a council-operated crematorium and offering further shared office accommodation. It is important to develop these ideas promptly so that the budget can be balanced from 2018/19 onwards.

6.10 Continued reductions in expenditure will be a prerequisite moving forward, and it will be a difficult balancing act when trying to retain service quality when set against reductions in service expenditure.

6.11 An improved and expanded Procurement Team will be developed and refocussed on a more proactive commercial approach to the delivery of savings.

6.12 Greater integration with A1 Housing will deliver smarter and more effective working, particularly in the back-office and customer services areas where similar processes are taking place in each organisation. This will generate savings in 2017/18 and we must continue to explore further integration from 2018/19 onwards.

6.13 Working with all other parts of the public sector in the district in the Bassetlaw Community Partnership must continue to develop to maximise the synergies between the Police, the Fire & Rescue service, the County Council, the local Clinical Commissioning Group and other local groups such as the Bassetlaw Community and Voluntary Sector. This could then facilitate how local services could be financed and delivered in a more integrated, modern and efficient way.

7. Recommendations

Cabinet is recommended to agree the following recommendations to full Council on 7th March 2017:

7.1 That Cabinet considers the budget for 2017/18 and future years, together with the associated comments from the Audit & Risk Scrutiny Committee on 7th February 2017,and to recommend their approval.

7.2 That Cabinet recommends a council tax increase of 1.9% for 2017/18.

7.3 That Cabinet notes the declaration of a £1.35m surplus on the Collection Fund for 2017/18 as summarised in para 3.45.

7.4 That Cabinet delegates authority to the Cabinet Member for Finance for addressing any issues arising from the Business Ratepayers meeting on the 13th February 2017.

7.5 That Cabinet delegates authority to the Head of Finance & Property to deal with amendments to the budget for any changes to Drainage Board and Parish Town Council precepts.

Background Papers	**Location**
Medium Term Financial Plan 2017/18 – 2020/21 Local Government Finance Settlement Data Budget Model.	Head of Finance & Property office.

GENERAL FUND BUDGET 2017/18 TO 2019/20

Approved Budget 2016/17 £		Budget 2017/18 £	Budget 2018/19 £	Budget 2019/20 £
	SERVICE BUDGETS			
143,800	Chief Executive Department	157,900	157,900	157,900
1,246,500	Corporate Services	1,269,200	1,243,100	1,396,400
2,944,100	Finance & Property & Revenue Services	3,075,700	3,300,500	3,419,700
0	Human Resources	0	0	0
7,094,500	Neighbourhoods	7,028,600	6,970,400	6,862,600
3,609,900	Regeneration	3,393,400	2,869,200	2,876,500
15,038,800	**Total Net Cost of Services**	**14,924,800**	**14,541,100**	**14,713,100**
	OTHER BUDGETS			
103,700	Provisions - Corporate Contingency	103,700	103,700	103,700
100,000	Provisions - Bad Debts	50,000	50,000	50,000
100,000	Provisions - Legal Contingency	100,000	100,000	100,000
37,500	Provisions - Local Plan	0	0	0
10,000	Provisions - Utilities	0	0	0
53,400	Rural Services Delivery Grant	43,100	33,200	43,100
0	A1 shared Services savings	(350,000)	(350,000)	(350,000)
404,600	**Total Other Budgets**	**(53,200)**	**(63,100)**	**(53,200)**
734,200	Borrowing Interest	643,000	690,900	730,900
(44,000)	Investment Interest Income	(51,600)	(52,600)	(53,700)
(7,500)	LAMS Interest	(13,700)	(13,700)	(13,700)
7,700	Other Interest	7,700	7,700	7,700
(6,000)	Renovation Grant Interest	(6,000)	(6,000)	(6,000)
3,000	Temporary Loans	1,500	1,500	1,500
687,400	**Net interest and borrowing costs**	**580,900**	**627,800**	**666,700**
466,600	Drainage Board Levies	475,900	485,400	495,100
675,000	Housing Capital Receipts Pooling	768,700	784,000	799,000
976,200	Parish Precept	1,025,000	1,076,000	1,130,000
2,117,800	**Other Operating Expenditure**	**2,269,600**	**2,345,400**	**2,424,100**
(205,300)	Amortisation of Intangible Assets Reversal	0	0	0
1,562,000	Capital Grants & Contributions used to Finance Capital Expenditure	985,000	850,000	1,380,000
(1,973,300)	Reversal of Depreciation to Reserves	(2,153,500)	(1,952,000)	(1,802,400)
(675,000)	Housing Capital Receipts Pooling Reversed to Reserves	(768,700)	(784,000)	(799,000)
(2,091,000)	Reversal of Revenue Expenditure Funded from Capital under Statue	(1,191,000)	(1,250,000)	(1,850,000)
781,000	Minimum Revenue Provision	660,700	696,000	724,100
(2,601,600)	**Accounting Adjustments**	**(2,467,500)**	**(2,440,000)**	**(2,347,300)**
0	**Transfer to/(from) General Reserves**	**0**	**0**	**0**
1,242,000	**Transfer to/(from) Earmarked Reserves**	**944,000**	**746,400**	**951,800**
0	**Savings Target**	**0**	**(952,700)**	**(1,661,100)**
16,889,000	**Total Council Net Budget**	**16,198,600**	**14,804,900**	**14,694,100**
	FUNDED BY			
(1,907,100)	Revenue Support Grant	(1,190,700)	(734,000)	(223,900)
15,410,000	Tariff	12,390,200	12,788,800	13,243,700
(19,122,200)	Retained Business Rates (baseline)	(16,178,300)	(16,697,300)	(17,292,600)
(5,619,300)	**Sub-total: Start-up Funding Assessment**	**(4,978,800)**	**(4,642,500)**	**(4,272,800)**
(633,700)	Retained Business Rates (over and above baseline)	(742,500)	(567,700)	(600,000)
(878,000)	Section 31 Business Rates Grants	(945,700)	(995,700)	(1,045,700)
(859,000)	Renewable Energy Retained Business Rates	(482,500)	(502,500)	(522,500)
(1,990,400)	New Homes Bonus Grant	(1,632,800)	(1,248,300)	(1,197,700)
0	Council Tax Support Admin Grant	(143,700)	0	0
(53,400)	Miscellaneous Government Grants	(97,900)	(83,200)	(92,400)
(422,000)	Capital Grants Received	(455,000)	0	0
(150,000)	Collection Fund Deficit/(Surplus)	(150,000)	0	0
(5,307,000)	Council Tax - BDC	(5,544,700)	(5,689,000)	(5,833,000)
(976,200)	Council Tax - Parishes	(1,025,000)	(1,076,000)	(1,130,000)
(16,889,000)	**Total Funding**	**(16,198,600)**	**(14,804,900)**	**(14,694,100)**

33,079.77	**Tax Base**	**33,916.77**	**34,121.28**	**34,332.64**
160.43	**Council Tax**	**163.48**	**166.73**	**169.90**

GENERAL FUND BALANCES:			
Balance @ 1 April	**1,661,000**	**1,661,000**	**1,661,000**
Movement in year	0	0	0
Balance @ 31 March	**1,661,000**	**1,661,000**	**1,661,000**

GENERAL FUND

SUMMARY

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
12,298,800	Employees	12,738,400	12,896,300	13,153,600
2,926,000	Premises	2,895,100	2,933,400	2,975,300
1,369,700	Transport	1,242,000	1,242,500	1,242,500
5,302,300	Supplies and Services	4,083,300	4,106,200	4,720,700
4,131,500	Third Party Payments	4,680,900	4,700,300	4,803,800
29,314,000	Transfer Payments	28,567,700	21,675,900	21,495,600
10,516,100	Internal Services Recharged	9,249,200	8,987,400	9,485,700
2,959,600	Depreciation	2,814,200	2,648,000	2,526,500
686,600	Capital Financing Costs	566,300	613,200	652,100
69,504,600	**TOTAL EXPENDITURE**	**66,837,100**	**59,803,200**	**61,055,800**
	INCOME			
(15,800,900)	Internal Services Recharges	(14,322,200)	(14,077,600)	(14,520,500)
(30,570,200)	Grants/Contributions/Reimbursements	(29,234,800)	(23,746,100)	(24,543,900)
(6,244,300)	Customer & Client Receipts	(7,081,300)	(7,174,400)	(7,297,100)
(200)	Interest	(200)	(200)	(200)
(52,615,600)	**TOTAL INCOME**	**(50,638,500)**	**(44,998,300)**	**(46,361,700)**
16,889,000	**NET BUDGET**	**16,198,600**	**14,804,900**	**14,694,100**

CHIEF EXECUTIVE DEPARTMENT

CHIEF EXECUTIVE DEPARTMENT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
0	Directors	0	0	0
143,800	Major Grants	157,900	157,900	157,900
0	Strategic Management	0	0	0
143,800	**TOTAL EXPENDITURE**	**157,900**	**157,900**	**157,900**

CHIEF EXECUTIVE DEPARTMENT

CHIEF EXECUTIVE DEPARTMENT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
411,700	Employees	418,900	423,200	428,200
0	Premises	0	0	0
7,500	Transport	5,300	5,300	5,300
148,800	Supplies and Services	164,600	164,600	164,600
0	Third Party Payments	100	100	100
0	Transfer Payments	0	0	0
22,800	Internal Services Recharged	21,200	21,200	21,200
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
590,800	**TOTAL EXPENDITURE**	**610,100**	**614,400**	**619,400**
	INCOME			
(447,000)	Internal Services Recharges	(452,200)	(456,500)	(461,500)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(447,000)	**TOTAL INCOME**	**(452,200)**	**(456,500)**	**(461,500)**
143,800	**NET BUDGET**	**157,900**	**157,900**	**157,900**

Responsible Budget Holder: **Neil Taylor**

BRIEF DESCRIPTION OF SERVICE

Overall Corporate control and management of the Authority in line with Council Policies and objectives. To provide overall management and control of the Directorate of Corporate Services, Directorate of Corporate Resources. To provide effective leadership and management of the Human Resource Service.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
5.18	Expenditure per Resident	5.35	5.38	5.43
(3.92)	Income per Resident	(3.96)	(4.00)	(4.04)

CHIEF EXECUTIVE DEPARTMENT

DIRECTORS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
245,700	Employees	248,300	250,900	254,300
0	Premises	0	0	0
2,900	Transport	2,500	2,500	2,500
3,200	Supplies and Services	2,800	2,800	2,800
0	Third Party Payments	100	100	100
0	Transfer Payments	0	0	0
12,000	Internal Services Recharged	12,200	12,200	12,200
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
263,800	**TOTAL EXPENDITURE**	**265,900**	**268,500**	**271,900**
	INCOME			
(263,800)	Internal Services Recharges	(265,900)	(268,500)	(271,900)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(263,800)	**TOTAL INCOME**	**(265,900)**	**(268,500)**	**(271,900)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Neil Taylor**

BRIEF DESCRIPTION OF SERVICE

The Chief Executive Department ensures overall Corporate control and management of the Authority in line with Council policies and objectives. To provide overall management and control of the Directorate of Corporate Resources and Directorate of Regeneration and Neighbourhood.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
2.31	Expenditure per Resident	2.33	2.35	2.38
(2.31)	Income per Resident	(2.33)	(2.35)	(2.38)

CHIEF EXECUTIVE DEPARTMENT

MAJOR GRANTS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
141,000	Supplies and Services	157,000	157,000	157,000
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
2,800	Internal Services Recharged	900	900	900
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
143,800	**TOTAL EXPENDITURE**	**157,900**	**157,900**	**157,900**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
143,800	**NET BUDGET**	**157,900**	**157,900**	**157,900**

Responsible Budget Holder: **David Hill**

BRIEF DESCRIPTION OF SERVICE

Manages the payment of approved grants.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
1.26	Expenditure per Resident	1.38	1.38	1.38
0.00	Income per Resident	0.00	0.00	0.00

CHIEF EXECUTIVE DEPARTMENT

STRATEGIC MANAGEMENT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
166,000	Employees	170,600	172,300	173,900
0	Premises	0	0	0
4,600	Transport	2,800	2,800	2,800
4,600	Supplies and Services	4,800	4,800	4,800
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
8,000	Internal Services Recharged	8,100	8,100	8,100
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
183,200	**TOTAL EXPENDITURE**	**186,300**	**188,000**	**189,600**
	INCOME			
(183,200)	Internal Services Recharges	(186,300)	(188,000)	(189,600)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(183,200)	**TOTAL INCOME**	**(186,300)**	**(188,000)**	**(189,600)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Neil Taylor**

BRIEF DESCRIPTION OF SERVICE

The Chief Executive Department ensures overall Corporate control and management of the Authority in line with Council policies and objectives. To provide overall management and control of the Directorate of Corporate Resources Services and Directorate of Regeneration and Neighbourhood Services.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
1.61	Expenditure per Resident	1.63	1.65	1.66
(1.61)	Income per Resident	(1.63)	(1.65)	(1.66)

CHIEF EXECUTIVE DEPARTMENT

HUMAN RESOURCES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0	Human Resources Management	0	0	0
0	Unions	0	0	0
0	**TOTAL EXPENDITURE**	**0**	**0**	**0**

CHIEF EXECUTIVE DEPARTMENT

HUMAN RESOURCES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
301,100	Employees	232,100	234,500	236,900
0	Premises	0	0	0
1,900	Transport	200	200	200
18,300	Supplies and Services	22,000	22,000	22,000
33,000	Third Party Payments	32,500	32,500	32,500
0	Transfer Payments	0	0	0
148,000	Internal Services Recharged	126,700	126,700	126,700
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
502,300	**TOTAL EXPENDITURE**	**413,500**	**415,900**	**418,300**
	INCOME			
(458,500)	Internal Services Recharges	(344,700)	(346,400)	(348,100)
0	Grants/Contributions/Reimbursements	0	0	0
(43,800)	Customer & Client Receipts	(68,800)	(69,500)	(70,200)
(502,300)	**TOTAL INCOME**	**(413,500)**	**(415,900)**	**(418,300)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Karen Childs**

BRIEF DESCRIPTION OF SERVICE

To provide effective leadership and management of the Human Resource Service.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
4.40	Expenditure per Resident	3.62	3.64	3.66
(4.40)	Income per Resident	(3.62)	(3.64)	(3.66)

CHIEF EXECUTIVE DEPARTMENT

HUMAN RESOURCES MANAGEMENT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
273,500	Employees	203,700	205,900	208,100
0	Premises	0	0	0
900	Transport	200	200	200
17,700	Supplies and Services	21,600	21,600	21,600
33,000	Third Party Payments	32,500	32,500	32,500
0	Transfer Payments	0	0	0
144,100	Internal Services Recharged	122,100	122,100	122,100
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
469,200	**TOTAL EXPENDITURE**	**380,100**	**382,300**	**384,500**
	INCOME			
(442,700)	Internal Services Recharges	(330,300)	(332,000)	(333,700)
0	Grants/Contributions/Reimbursements	0	0	0
(26,500)	Customer & Client Receipts	(49,800)	(50,300)	(50,800)
(469,200)	**TOTAL INCOME**	**(380,100)**	**(382,300)**	**(384,500)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Karen Childs**

BRIEF DESCRIPTION OF SERVICE

To provide a framework of excellence in people management that supports the developing agenda of the Council and create a culture and environment where people can use their talents in the best way possible. This incorporates human resource management, organisational development and learning and development.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
4.11	Expenditure per Resident	3.33	3.35	3.37
(4.11)	Income per Resident	(3.33)	(3.35)	(3.37)

CHIEF EXECUTIVE DEPARTMENT

UNIONS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
27,600	Employees	28,400	28,600	28,800
0	Premises	0	0	0
1,000	Transport	0	0	0
600	Supplies and Services	400	400	400
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
3,900	Internal Services Recharged	4,600	4,600	4,600
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
33,100	**TOTAL EXPENDITURE**	**33,400**	**33,600**	**33,800**
	INCOME			
(15,800)	Internal Services Recharges	(14,400)	(14,400)	(14,400)
0	Grants/Contributions/Reimbursements	0	0	0
(17,300)	Customer & Client Receipts	(19,000)	(19,200)	(19,400)
(33,100)	**TOTAL INCOME**	**(33,400)**	**(33,600)**	**(33,800)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Karen Childs**

BRIEF DESCRIPTION OF SERVICE

To ensure the development and maintenance of good relations with all recognised Trade Unions and to ensure that consultation processes are effectively and properly delivered. To provide resources, support, guidance and advice in respect of Trade Union activities.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0.29	Expenditure per Resident	0.29	0.29	0.30
(0.29)	Income per Resident	(0.29)	(0.29)	(0.30)

DIRECTOR OF CORPORATE SERVICES

CORPORATE SERVICES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
279,500	Communities	267,100	263,000	264,500
589,000	Democratic Representation & Support	594,000	587,500	587,600
262,300	Elections	285,600	288,000	437,700
69,600	Front Line Services	70,700	70,400	70,600
0	General Administration & Support	0	0	0
29,600	GIS	21,400	20,300	20,300
0	Head of Corporate Services	0	0	0
0	IT Services	0	0	0
0	Land Charges	0	0	0
(10,400)	Legal & Licensing Services	(20,000)	(21,500)	(19,700)
12,400	Public Relations	0	0	0
0	Policy & Communications	0	0	0
0	Publicity & Engagement	25,500	25,500	25,500
3,800	Service & Corporate Management	0	0	0
10,700	T-Government	24,900	9,900	9,900
1,246,500	**TOTAL EXPENDITURE**	**1,269,200**	**1,243,100**	**1,396,400**

DIRECTOR OF CORPORATE SERVICES

CORPORATE SERVICES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
1,801,500	Employees	1,865,600	1,891,700	2,055,700
10,800	Premises	9,900	9,900	10,000
44,400	Transport	37,700	37,700	37,700
1,220,800	Supplies and Services	1,294,700	1,282,700	1,282,700
63,200	Third Party Payments	60,800	60,800	60,800
0	Transfer Payments	0	0	0
1,180,100	Internal Services Recharged	1,062,300	1,041,700	1,041,000
359,500	Depreciation	288,500	116,800	88,800
100	Capital Financing Costs	0	0	0
4,680,400	**TOTAL EXPENDITURE**	**4,619,500**	**4,441,300**	**4,576,700**
	INCOME			
(2,552,600)	Internal Services Recharges	(2,309,800)	(2,155,400)	(2,135,100)
(13,800)	Grants/Contributions/Reimbursements	(13,800)	(13,800)	(13,800)
(867,500)	Customer & Client Receipts	(1,026,700)	(1,029,000)	(1,031,400)
(3,433,900)	**TOTAL INCOME**	**(3,350,300)**	**(3,198,200)**	**(3,180,300)**
1,246,500	**NET BUDGET**	**1,269,200**	**1,243,100**	**1,396,400**

Responsible Budget Holder: **Steve Brown**

BRIEF DESCRIPTION OF SERVICE

To provide overall control and management of Corporate Services.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
41.00	Expenditure per Resident	40.47	38.91	40.10
(30.08)	Income per Resident	(29.35)	(28.02)	(27.86)

DIRECTOR OF CORPORATE SERVICES

COMMUNITIES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
111,600	Employees	117,800	120,200	121,900
0	Premises	0	0	0
6,700	Transport	5,600	5,600	5,600
23,600	Supplies and Services	37,100	37,100	37,100
23,000	Third Party Payments	20,000	20,000	20,000
0	Transfer Payments	0	0	0
114,600	Internal Services Recharged	86,600	80,100	79,900
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
279,500	**TOTAL EXPENDITURE**	**267,100**	**263,000**	**264,500**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
279,500	**NET BUDGET**	**267,100**	**263,000**	**264,500**

Responsible Budget Holder: **Steve Brown**

BRIEF DESCRIPTION OF SERVICE

Working with our partners to reduce crime and fear of crime. Enables the council to respond to national, regional and local issues, and supports the Bassetlaw Public and Third Sector Partnership which sets an overall vision to improve the District and delivers action to achieve this in its Community Strategy.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
2.45	Expenditure per Resident	2.34	2.30	2.32
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE SERVICES

DEMOCRATIC REPRESENTATION & SUPPORT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
148,900	Employees	173,600	168,500	160,900
700	Premises	600	600	600
17,900	Transport	17,200	17,200	17,200
366,600	Supplies and Services	354,700	354,700	354,700
1,000	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
225,000	Internal Services Recharged	243,600	236,800	236,800
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
760,100	**TOTAL EXPENDITURE**	**789,700**	**777,800**	**770,200**
	INCOME			
(170,800)	Internal Services Recharges	(195,400)	(190,000)	(182,300)
0	Grants/Contributions/Reimbursements	0	0	0
(300)	Customer & Client Receipts	(300)	(300)	(300)
(171,100)	**TOTAL INCOME**	**(195,700)**	**(190,300)**	**(182,600)**
589,000	**NET BUDGET**	**594,000**	**587,500**	**587,600**

Responsible Budget Holder: **Steve Brown**

BRIEF DESCRIPTION OF SERVICE

Services Council, Cabinet and other statutory and non statutory meetings. Also, includes the costs of Members' allowances and expenses.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
6.66	Expenditure per Resident	6.92	6.81	6.75
(1.50)	Income per Resident	(1.71)	(1.67)	(1.60)

DIRECTOR OF CORPORATE SERVICES

ELECTIONS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
57,300	Employees	58,700	59,300	209,000
(3,000)	Premises	(3,000)	(3,000)	(3,000)
1,100	Transport	800	800	800
69,700	Supplies and Services	82,000	85,000	85,000
500	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
134,800	Internal Services Recharged	145,500	144,300	144,300
3,000	Depreciation	3,000	3,000	3,000
0	Capital Financing Costs	0	0	0
263,400	**TOTAL EXPENDITURE**	**287,000**	**289,400**	**439,100**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
(1,100)	Customer & Client Receipts	(1,400)	(1,400)	(1,400)
(1,100)	**TOTAL INCOME**	**(1,400)**	**(1,400)**	**(1,400)**
262,300	**NET BUDGET**	**285,600**	**288,000**	**437,700**

Responsible Budget Holder: **Julie Briggs**

BRIEF DESCRIPTION OF SERVICE

To conduct the Council's elections. Also, to promote electoral awareness both in terms of electoral registration and democratic participation in elections.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
2.31	Expenditure per Resident	2.51	2.54	3.85
(0.01)	Income per Resident	(0.01)	(0.01)	(0.01)

DIRECTOR OF CORPORATE SERVICES

FRONT LINE SERVICES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
357,200	Employees	365,200	370,200	374,300
10,600	Premises	10,000	10,000	10,100
6,700	Transport	4,900	4,900	4,900
53,800	Supplies and Services	41,500	41,500	41,500
1,600	Third Party Payments	2,000	2,000	2,000
0	Transfer Payments	0	0	0
168,900	Internal Services Recharged	119,000	117,700	117,700
5,100	Depreciation	3,200	0	0
0	Capital Financing Costs	0	0	0
603,900	**TOTAL EXPENDITURE**	**545,800**	**546,300**	**550,500**
	INCOME			
(452,100)	Internal Services Recharges	(383,300)	(383,400)	(386,600)
(13,800)	Grants/Contributions/Reimbursements	(13,800)	(13,800)	(13,800)
(68,400)	Customer & Client Receipts	(78,000)	(78,700)	(79,500)
(534,300)	**TOTAL INCOME**	**(475,100)**	**(475,900)**	**(479,900)**
69,600	**NET BUDGET**	**70,700**	**70,400**	**70,600**

Responsible Budget Holder: **Adele Watson**

BRIEF DESCRIPTION OF SERVICE

To provide a customer friendly service dealing with all incoming telephone calls and personal visits to the Council. To provide information and direct enquiries to the appropriate Council service or department.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
5.29	Expenditure per Resident	4.78	4.79	4.82
(4.68)	Income per Resident	(4.16)	(4.17)	(4.20)

DIRECTOR OF CORPORATE SERVICES

GENERAL ADMINISTRATION & SUPPORT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
109,500	Employees	112,900	114,700	116,200
0	Premises	0	0	0
0	Transport	0	0	0
44,400	Supplies and Services	34,300	34,300	34,300
1,400	Third Party Payments	1,400	1,400	1,400
0	Transfer Payments	0	0	0
146,700	Internal Services Recharged	90,200	90,200	90,200
2,100	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
304,100	**TOTAL EXPENDITURE**	**238,800**	**240,600**	**242,100**
	INCOME			
(277,500)	Internal Services Recharges	(214,300)	(216,000)	(217,400)
0	Grants/Contributions/Reimbursements	0	0	0
(26,600)	Customer & Client Receipts	(24,500)	(24,600)	(24,700)
(304,100)	**TOTAL INCOME**	**(238,800)**	**(240,600)**	**(242,100)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Jonathan Brassington**

BRIEF DESCRIPTION OF SERVICE

To provide operational and administrative systems for the Council including provision of the Council's Mailroom and Printing Design Unit.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
2.66	Expenditure per Resident	2.09	2.11	2.12
(2.66)	Income per Resident	(2.09)	(2.11)	(2.12)

DIRECTOR OF CORPORATE SERVICES

GIS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
125,600	Employees	128,800	130,100	131,300
500	Premises	400	400	400
1,200	Transport	800	800	800
24,800	Supplies and Services	28,400	28,400	28,400
33,200	Third Party Payments	35,500	35,500	35,500
0	Transfer Payments	0	0	0
72,000	Internal Services Recharged	56,700	55,600	55,600
2,200	Depreciation	2,200	2,200	2,200
100	Capital Financing Costs	0	0	0
259,600	**TOTAL EXPENDITURE**	**252,800**	**253,000**	**254,200**
	INCOME			
(215,700)	Internal Services Recharges	(218,800)	(220,000)	(221,100)
0	Grants/Contributions/Reimbursements	0	0	0
(14,300)	Customer & Client Receipts	(12,600)	(12,700)	(12,800)
(230,000)	**TOTAL INCOME**	**(231,400)**	**(232,700)**	**(233,900)**
29,600	**NET BUDGET**	**21,400**	**20,300**	**20,300**

Responsible Budget Holder: **Lesley Bianco**

BRIEF DESCRIPTION OF SERVICE

To undertake the cleansing and verification of the Council's Corporate Geographical Information and Property Database Systems

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
2.27	Expenditure per Resident	2.21	2.22	2.23
(2.02)	Income per Resident	(2.03)	(2.04)	(2.05)

DIRECTOR OF CORPORATE SERVICES

HEAD OF CORPORATE SERVICES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
79,000	Employees	80,800	84,300	85,300
0	Premises	0	0	0
1,400	Transport	1,000	1,000	1,000
43,600	Supplies and Services	10,800	10,800	10,800
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
53,000	Internal Services Recharged	85,900	85,900	85,900
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
177,000	**TOTAL EXPENDITURE**	**178,500**	**182,000**	**183,000**
	INCOME			
(177,000)	Internal Services Recharges	(178,500)	(182,000)	(183,000)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(177,000)	**TOTAL INCOME**	**(178,500)**	**(182,000)**	**(183,000)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Stephen Brown**

BRIEF DESCRIPTION OF SERVICE

To provide overall control and management of Corporate Services.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
1.55	Expenditure per Resident	1.56	1.59	1.60
(1.55)	Income per Resident	(1.56)	(1.59)	(1.60)

DIRECTOR OF CORPORATE SERVICES

IT SERVICES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
289,700	Employees	268,900	275,200	279,700
2,000	Premises	1,900	1,900	1,900
1,500	Transport	800	800	800
473,600	Supplies and Services	586,000	586,000	586,000
300	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
68,800	Internal Services Recharged	37,100	37,100	37,100
347,100	Depreciation	280,100	111,600	83,600
0	Capital Financing Costs	0	0	0
1,183,000	**TOTAL EXPENDITURE**	**1,174,800**	**1,012,600**	**989,100**
	INCOME			
(805,000)	Internal Services Recharges	(668,100)	(505,400)	(481,400)
0	Grants/Contributions/Reimbursements	0	0	0
(378,000)	Customer & Client Receipts	(506,700)	(507,200)	(507,700)
(1,183,000)	**TOTAL INCOME**	**(1,174,800)**	**(1,012,600)**	**(989,100)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **David Harwood**

BRIEF DESCRIPTION OF SERVICE

To provide a comprehensive service dealing with the purchasing and maintenance of the Council's computer systems and equipment.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
10.36	Expenditure per Resident	10.29	8.87	8.67
(10.36)	Income per Resident	(10.29)	(8.87)	(8.67)

DIRECTOR OF CORPORATE SERVICES

LAND CHARGES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
48,900	Employees	50,200	50,700	51,300
0	Premises	0	0	0
100	Transport	100	100	100
30,000	Supplies and Services	23,500	23,500	23,500
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
38,000	Internal Services Recharged	46,700	46,300	45,800
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
117,000	**TOTAL EXPENDITURE**	**120,500**	**120,600**	**120,700**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
(117,000)	Customer & Client Receipts	(120,500)	(120,600)	(120,700)
(117,000)	**TOTAL INCOME**	**(120,500)**	**(120,600)**	**(120,700)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Lesley Bianco**

BRIEF DESCRIPTION OF SERVICE

To provide a service to carry out official searches and land terrier enquiries from the Council's Asset Register.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
1.03	Expenditure per Resident	1.06	1.06	1.06
(1.03)	Income per Resident	(1.06)	(1.06)	(1.06)

DIRECTOR OF CORPORATE SERVICES

LEGAL & LICENSING SERVICES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
256,100	Employees	278,500	284,600	289,600
0	Premises	0	0	0
5,800	Transport	3,700	3,700	3,700
61,400	Supplies and Services	47,800	47,800	47,800
2,200	Third Party Payments	1,900	1,900	1,900
0	Transfer Payments	0	0	0
139,400	Internal Services Recharged	135,800	132,500	132,500
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
464,900	**TOTAL EXPENDITURE**	**467,700**	**470,500**	**475,500**
	INCOME			
(251,800)	Internal Services Recharges	(248,900)	(252,800)	(255,600)
0	Grants/Contributions/Reimbursements	0	0	0
(223,500)	Customer & Client Receipts	(238,800)	(239,200)	(239,600)
(475,300)	**TOTAL INCOME**	**(487,700)**	**(492,000)**	**(495,200)**
(10,400)	**NET BUDGET**	**(20,000)**	**(21,500)**	**(19,700)**

Responsible Budget Holder: **Stephen Wormald**

BRIEF DESCRIPTION OF SERVICE

To provide internal advice and support to Services on all legal matters including administration law. To deal with mortgage matters, criminal and civil matters, planning and enforcement enquiries, conveyancing, tendering, contracts and purchases. To issue licenses, permits and registration within the appropriate legislation.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
4.07	Expenditure per Resident	4.10	4.12	4.17
(4.16)	Income per Resident	(4.27)	(4.31)	(4.34)

DIRECTOR OF CORPORATE SERVICES

PUBLIC RELATIONS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
135,700	Employees	0	0	0
0	Premises	0	0	0
1,400	Transport	0	0	0
11,100	Supplies and Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
14,800	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
163,000	**TOTAL EXPENDITURE**	**0**	**0**	**0**
	INCOME			
(112,300)	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
(38,300)	Customer & Client Receipts	0	0	0
(150,600)	**TOTAL INCOME**	**0**	**0**	**0**
12,400	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Jonathan Brassington**

BRIEF DESCRIPTION OF SERVICE

Informs the people of Bassetlaw about the council, the services we provide and how to contact us.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
1.43	Expenditure per Resident	0.00	0.00	0.00
(1.32)	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE SERVICES

POLICY & COMMUNICATIONS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	230,200	233,900	236,200
0	Premises	0	0	0
0	Transport	2,000	2,000	2,000
0	Supplies and Services	6,100	6,100	6,100
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Internal Services Recharged	8,100	8,100	8,100
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
0	**TOTAL EXPENDITURE**	**246,400**	**250,100**	**252,400**
	INCOME			
0	Internal Services Recharges	(202,500)	(205,800)	(207,700)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	(43,900)	(44,300)	(44,700)
0	**TOTAL INCOME**	**(246,400)**	**(250,100)**	**(252,400)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Jonathan Brassington**

BRIEF DESCRIPTION OF SERVICE

Monitors Council Performance and National, Regional and Local Policy changes and developments. Supports the Council's annual scrutiny work programme. Provides information to the public about Council services and how to access them, manages the Council's different communication channels and seeks to enable genuine two way conversations between residents and the Authority. Provides a Media Relations function for the Council.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0.00	Expenditure per Resident	2.16	2.19	2.21
0.00	Income per Resident	(2.16)	(2.19)	(2.21)

DIRECTOR OF CORPORATE SERVICES

PUBLICITY & ENGAGEMENT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	800	800	800
0	Supplies and Services	17,700	17,700	17,700
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Internal Services Recharged	7,000	7,000	7,000
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
0	**TOTAL EXPENDITURE**	**25,500**	**25,500**	**25,500**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
0	**NET BUDGET**	**25,500**	**25,500**	**25,500**

Responsible Budget Holder: **Jonathan Brassington**

BRIEF DESCRIPTION OF SERVICE

Promotion of Council services and how to access them. Provides an annual programme of outreach and engagement events capturing residents views and feedback.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
0.00	Expenditure per Resident	0.22	0.22	0.22
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE SERVICES

SERVICE & CORPORATE MANAGEMENT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
82,000	Employees	0	0	0
0	Premises	0	0	0
600	Transport	0	0	0
7,600	Supplies and Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
4,000	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
94,200	**TOTAL EXPENDITURE**	**0**	**0**	**0**
	INCOME			
(90,400)	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(90,400)	**TOTAL INCOME**	**0**	**0**	**0**
3,800	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Stephen Brown**

BRIEF DESCRIPTION OF SERVICE

Performance - Drives continuous improvement of our services.

Scrutiny - To support the work of the Overview & Scrutiny Committee.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0.83	Expenditure per Resident	0.00	0.00	0.00
(0.79)	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE SERVICES

T-GOVERNMENT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
10,600	Supplies and Services	24,800	9,800	9,800
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
100	Internal Services Recharged	100	100	100
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
10,700	**TOTAL EXPENDITURE**	**24,900**	**9,900**	**9,900**
	INGOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INGOME**	**0**	**0**	**0**
10,700	**NET BUDGET**	**24,900**	**9,900**	**9,900**

Responsible Budget Holder: **Stephen Brown**

BRIEF DESCRIPTION OF SERVICE

Information technology outreach providing access to rural communities.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0.09	Expenditure per Resident	0.22	0.09	0.09
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

FINANCE, PROPERTY & REVENUE SERVICES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
1,355,200	Finance	1,635,000	1,659,500	1,687,200
0	Head of Finance, Property & Revenues	0	0	0
549,700	Housing Benefits	646,900	675,600	709,800
662,200	Local Tax Collection	702,000	692,400	697,500
377,000	Property	91,800	273,000	325,200
0	Revenues Services	0	0	0
2,944,100	**TOTAL EXPENDITURE**	**3,075,700**	**3,300,500**	**3,419,700**

DIRECTOR OF CORPORATE RESOURCE

FINANCE, PROPERTY & REVENUE SERVICES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
3,445,600	Employees	3,743,500	3,799,800	3,832,800
1,019,800	Premises	1,036,600	1,049,800	1,064,000
52,100	Transport	41,400	41,300	41,300
1,449,300	Supplies and Services	611,800	1,097,300	1,701,900
885,500	Third Party Payments	940,100	943,900	943,900
27,605,400	Transfer Payments	27,147,800	21,396,800	21,709,800
3,666,500	Internal Services Recharged	3,663,200	3,638,900	3,636,100
393,100	Depreciation	467,900	480,300	464,300
4,300	Capital Financing Costs	0	0	0
38,521,600	**TOTAL EXPENDITURE**	**37,652,300**	**32,448,100**	**33,394,100**
	INCOME			
(3,891,400)	Internal Services Recharges	(3,894,300)	(3,916,800)	(3,921,400)
(29,277,200)	Grants/Contributions/Reimbursements	(28,281,900)	(22,824,100)	(23,640,900)
(2,408,900)	Customer & Client Receipts	(2,400,400)	(2,406,700)	(2,412,100)
(35,577,500)	**TOTAL INCOME**	**(34,576,600)**	**(29,147,600)**	**(29,974,400)**
2,944,100	**NET BUDGET**	**3,075,700**	**3,300,500**	**3,419,700**

Responsible Budget Holder: **Dave Hill**

BRIEF DESCRIPTION OF SERVICE

Provision of a comprehensive range of financial services to support all activities of the Council. Financial services is responsible for the effective stewardship of the Council's financial resources, and to produce financial statements to statutory requirements. To undertake all estate management and valuation functions in relation to the Council's substantial land and property holdings. Provision of a civil/municipal engineering service in terms of design, advice and related contract management to client departments. To deal with drainage matters including land and drainage reservoirs. Building maintenance service provides strategic property asset management. Provide management and maintenance of public off-street car parks. The Revenues service is responsible for the billing and collection of council tax and business rates. The service arranges Housing Benefit payments and administers the Council Tax Reduction Scheme for members of the public on low incomes.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
337.49	Expenditure per Resident	329.87	284.28	292.56
(311.69)	Income per Resident	(302.92)	(255.36)	(262.60)

DIRECTOR OF CORPORATE RESOURCE

FINANCE

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
1,886,700	Employees	2,130,600	2,169,400	2,205,900
0	Premises	0	0	0
6,900	Transport	4,900	4,900	4,900
249,800	Supplies and Services	229,800	229,800	234,300
525,900	Third Party Payments	556,500	560,300	560,300
0	Transfer Payments	0	0	0
900,400	Internal Services Recharged	973,000	973,000	973,000
8,200	Depreciation	8,200	8,200	8,200
700	Capital Financing Costs	0	0	0
3,578,600	**TOTAL EXPENDITURE**	**3,903,000**	**3,945,600**	**3,986,600**
	INCOME			
(1,190,600)	Internal Services Recharges	(1,243,800)	(1,254,600)	(1,263,400)
(615,000)	Grants/Contributions/Reimbursements	(790,200)	(795,400)	(799,100)
(417,800)	Customer & Client Receipts	(234,000)	(236,100)	(236,900)
(2,223,400)	**TOTAL INCOME**	**(2,268,000)**	**(2,286,100)**	**(2,299,400)**
1,355,200	**NET BUDGET**	**1,635,000**	**1,659,500**	**1,687,200**

Responsible Budget Holder: **Dave Hill**

BRIEF DESCRIPTION OF SERVICE

Provision of a comprehensive, high quality accounting service for all Council activities, including co-ordination and compilation of the annual budget, regular budget monitoring, grant claims administration, production of the year-end accounts, capital accounting, asset register and treasury management. Maintains, controls and supervises the payroll, creditor payments, bank reconciliations and insurance functions, alongside corporate debt recovery, risk and partnership management.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
31.35	Expenditure per Resident	34.19	34.57	34.93
(19.48)	Income per Resident	(19.87)	(20.03)	(20.14)

DIRECTOR OF CORPORATE RESOURCE

HEAD OF FINANCE, PROPERTY & REVENUES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
90,100	Employees	91,900	92,800	93,700
0	Premises	0	0	0
1,400	Transport	1,200	1,200	1,200
50,300	Supplies and Services	15,200	15,200	15,200
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
66,000	Internal Services Recharged	105,700	105,700	105,700
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
207,800	**TOTAL EXPENDITURE**	**214,000**	**214,900**	**215,800**
	INCOME			
(207,800)	Internal Services Recharges	(214,000)	(214,900)	(215,800)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(207,800)	**TOTAL INCOME**	**(214,000)**	**(214,900)**	**(215,800)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Dave Hill**

BRIEF DESCRIPTION OF SERVICE

To provide overall control and management of the Finance, Property and Revenue Services. To oversee the provision of financial advice and guidance to Council Members and officers.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
1.82	Expenditure per Resident	1.87	1.88	1.89
(1.82)	Income per Resident	(1.87)	(1.88)	(1.89)

DIRECTOR OF CORPORATE RESOURCE

HOUSING BENEFITS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
619,200	Employees	634,500	638,900	646,600
0	Premises	0	0	0
3,800	Transport	2,300	2,200	2,200
99,600	Supplies and Services	97,000	95,500	95,600
28,100	Third Party Payments	38,600	38,600	38,600
27,605,400	Transfer Payments	27,147,800	21,396,800	21,709,800
1,204,400	Internal Services Recharged	1,165,200	1,158,100	1,162,400
0	Depreciation	0	0	0
100	Capital Financing Costs	0	0	0
29,560,600	**TOTAL EXPENDITURE**	**29,085,400**	**23,330,100**	**23,655,200**
	INCOME			
(1,085,600)	Internal Services Recharges	(1,050,900)	(1,050,900)	(1,057,800)
(27,860,600)	Grants/Contributions/Reimbursements	(27,299,100)	(21,515,100)	(21,798,200)
(64,700)	Customer & Client Receipts	(88,500)	(88,500)	(89,400)
(29,010,900)	**TOTAL INCOME**	**(28,438,500)**	**(22,654,500)**	**(22,945,400)**
549,700	**NET BUDGET**	**646,900**	**675,600**	**709,800**

Responsible Budget Holder: **Elaine Simmonds**

BRIEF DESCRIPTION OF SERVICE

The Administration and payment of the Government Statutory Housing Benefit system, Welfare Reform and its associated grants. The administration and payment of the Statutory and Local Council Tax Reduction scheme. The prevention and detection of Fraud, including Corporate Fraud investigations.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
258.98	Expenditure per Resident	254.82	204.39	207.24
(254.16)	Income per Resident	(249.15)	(198.47)	(201.02)

DIRECTOR OF CORPORATE RESOURCE

LOCAL TAX COLLECTION

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
310,000	Employees	293,900	298,100	302,400
0	Premises	0	0	0
7,200	Transport	6,700	6,700	6,700
108,700	Supplies and Services	126,900	126,900	126,900
38,300	Third Party Payments	57,600	57,600	57,600
0	Transfer Payments	0	0	0
675,700	Internal Services Recharged	694,900	682,100	682,900
0	Depreciation	0	0	0
2,700	Capital Financing Costs	0	0	0
1,142,600	**TOTAL EXPENDITURE**	**1,180,000**	**1,171,400**	**1,176,500**
	INCOME			
0	Internal Services Recharges	0	0	0
(166,000)	Grants/Contributions/Reimbursements	(167,000)	(168,000)	(168,000)
(314,400)	Customer & Client Receipts	(311,000)	(311,000)	(311,000)
(480,400)	**TOTAL INCOME**	**(478,000)**	**(479,000)**	**(479,000)**
662,200	**NET BUDGET**	**702,000**	**692,400**	**697,500**

Responsible Budget Holder: **Elaine Simmonds**

BRIEF DESCRIPTION OF SERVICE

The Administration of the Billing and collection of Council Tax and Business rates for the district and the administration of local reduction schemes.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
10.01	Expenditure per Resident	10.34	10.26	10.31
(4.21)	Income per Resident	(4.19)	(4.20)	(4.20)

DIRECTOR OF CORPORATE RESOURCE

PROPERTY

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
482,400	Employees	534,200	541,600	524,600
1,019,800	Premises	1,036,600	1,049,800	1,064,000
32,700	Transport	26,300	26,300	26,300
940,400	Supplies and Services	142,400	629,400	1,229,400
293,200	Third Party Payments	287,400	287,400	287,400
0	Transfer Payments	0	0	0
803,200	Internal Services Recharged	708,100	703,700	695,800
384,900	Depreciation	459,700	472,100	456,100
800	Capital Financing Costs	0	0	0
3,957,400	**TOTAL EXPENDITURE**	**3,194,700**	**3,710,300**	**4,283,600**
	INCOME			
(1,332,800)	Internal Services Recharges	(1,310,400)	(1,320,600)	(1,308,000)
(635,600)	Grants/Contributions/Reimbursements	(25,600)	(345,600)	(875,600)
(1,612,000)	Customer & Client Receipts	(1,766,900)	(1,771,100)	(1,774,800)
(3,580,400)	**TOTAL INCOME**	**(3,102,900)**	**(3,437,300)**	**(3,958,400)**
377,000	**NET BUDGET**	**91,800**	**273,000**	**325,200**

Responsible Budget Holder: **John Unstead**

BRIEF DESCRIPTION OF SERVICE

To provide a full Property and FM service to the Council that manages and maintains its substantial land holdings, the income producing property portfolio, but excluding council houses. To maintain, adapt and alter operational buildings to meet service requirements and to ensure that these buildings are compliant with all necessary legislative and health and safety requirements. The provision of a civil and municipal engineering service in relation to advice, design and related contract management duties to meet client demands. To respond to drainage matters including land drainage and reservoirs.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
34.67	Expenditure per Resident	27.99	32.51	37.53
(31.37)	Income per Resident	(27.18)	(30.11)	(34.68)

DIRECTOR OF CORPORATE RESOURCE

REVENUES SERVICES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
57,200	Employees	58,400	59,000	59,600
0	Premises	0	0	0
100	Transport	0	0	0
500	Supplies and Services	500	500	500
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
16,800	Internal Services Recharged	16,300	16,300	16,300
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
74,600	**TOTAL EXPENDITURE**	**75,200**	**75,800**	**76,400**
	INCOME			
(74,600)	Internal Services Recharges	(75,200)	(75,800)	(76,400)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(74,600)	**TOTAL INCOME**	**(75,200)**	**(75,800)**	**(76,400)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Elaine Simmonds**

BRIEF DESCRIPTION OF SERVICE

Service management of the Revenues & Benefits service which is responsible for the billing and collection of the Council Tax and Business Rates for the district. It also administers the Government's statutory Housing Benefits Scheme and the Statutory and local Council Tax Reduction Scheme. This service is also responsible for the prevention and detection of fraud, including Corporate Fraud projects.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
0.65	Expenditure per Resident	0.66	0.66	0.67
(0.65)	Income per Resident	(0.66)	(0.66)	(0.67)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

NEIGHBOURHOODS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
117,900	Cemeteries, Cremation & Mortuary	105,200	105,500	105,000
98,400	Emergency Planning	93,800	94,200	94,500
0	Environmental Health	0	0	0
957,800	Environmental Public Health	796,900	794,700	800,900
0	Environmental Service Unit	0	0	0
0	Grounds Maintenance Mangement	0	0	0
0	Head of Neighbourhoods	0	0	0
136,600	Housing Standards	101,400	102,100	103,000
2,782,000	Leisure & Arts Management & Administration	3,061,700	3,089,100	3,132,800
162,400	Public Conveniences	211,700	212,900	214,300
878,800	Street Cleansing General	814,000	851,600	854,600
0	Transport	0	0	0
1,960,600	Waste Collection & Disposal	1,843,900	1,720,300	1,557,500
7,094,500	**TOTAL EXPENDITURE**	**7,028,600**	**6,970,400**	**6,862,600**

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

NEIGHBOURHOODS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
3,793,000	Employees	3,949,200	3,994,400	4,034,600
1,641,600	Premises	1,601,200	1,624,300	1,649,300
1,143,200	Transport	1,062,100	1,062,700	1,062,700
384,100	Supplies and Services	439,500	439,600	439,600
1,289,000	Third Party Payments	1,420,700	1,470,300	1,522,000
0	Transfer Payments	0	0	0
2,433,500	Internal Services Recharged	2,047,300	2,006,500	1,983,300
1,219,400	Depreciation	1,229,000	1,185,900	1,088,300
2,300	Capital Financing Costs	0	0	0
11,906,100	**TOTAL EXPENDITURE**	**11,749,000**	**11,783,700**	**11,779,800**
	INCOME			
(2,806,300)	Internal Services Recharges	(2,551,800)	(2,556,500)	(2,541,700)
(664,400)	Grants/Contributions/Reimbursements	(244,100)	(244,100)	(244,100)
(1,340,700)	Customer & Client Receipts	(1,924,300)	(2,012,500)	(2,131,200)
(200)	Interest	(200)	(200)	(200)
(4,811,600)	**TOTAL INCOME**	**(4,720,400)**	**(4,813,300)**	**(4,917,200)**
7,094,500	**NET BUDGET**	**7,028,600**	**6,970,400**	**6,862,600**

Responsible Budget Holder: **Elizabeth Prime**

BRIEF DESCRIPTION OF SERVICE

The management and provision of services such as abandoned vehicles, animal and public health, cemeteries, emergency planning, fly tipping, food safety, water safety, housing standards, parks and open spaces, noise and nuisance, environmental pollution, street care and cleansing, waste recycling and the provision of advice and support on all aspects of matters affecting the environment of the District.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
104.31	Expenditure per Resident	102.93	103.24	103.20
(42.15)	Income per Resident	(41.36)	(42.17)	(43.08)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

CEMETERIES, CREMATION & MORTUARY

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
24,600	Employees	27,500	28,600	28,800
198,000	Premises	186,200	186,500	187,100
3,000	Transport	3,000	3,000	3,000
5,500	Supplies and Services	13,100	13,100	13,100
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
202,000	Internal Services Recharged	216,700	215,600	215,400
29,700	Depreciation	31,100	31,100	30,000
100	Capital Financing Costs	0	0	0
462,900	**TOTAL EXPENDITURE**	**477,600**	**477,900**	**477,400**
	INCOME			
(133,600)	Internal Services Recharges	(148,100)	(148,100)	(148,100)
0	Grants/Contributions/Reimbursements	0	0	0
(211,200)	Customer & Client Receipts	(224,100)	(224,100)	(224,100)
(200)	Interest	(200)	(200)	(200)
(345,000)	**TOTAL INCOME**	**(372,400)**	**(372,400)**	**(372,400)**
117,900	**NET BUDGET**	**105,200**	**105,500**	**105,000**

Responsible Budget Holder: **Andrew Johnson**

BRIEF DESCRIPTION OF SERVICE

To provide a burial service and plan which ensures the future burial needs of the community.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
4.06	Expenditure per Resident	4.18	4.19	4.18
(3.02)	Income per Resident	(3.26)	(3.26)	(3.26)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

EMERGENCY PLANNING

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
33,100	Employees	33,800	34,200	34,500
0	Premises	0	0	0
2,000	Transport	1,700	1,700	1,700
200	Supplies and Services	300	300	300
9,000	Third Party Payments	9,000	9,000	9,000
0	Transfer Payments	0	0	0
54,100	Internal Services Recharged	49,000	49,000	49,000
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
98,400	**TOTAL EXPENDITURE**	**93,800**	**94,200**	**94,500**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
98,400	**NET BUDGET**	**93,800**	**94,200**	**94,500**

Responsible Budget Holder: **Jim Moran**

BRIEF DESCRIPTION OF SERVICE

Manages the Council's arrangements required to deliver its responsibilities under the Civil Contingencies Act 2004. This includes stand alone procedures specific to Bassetlaw District Council and Multi Agency arrangements as part of the wider Nottinghamshire Local Resilience Forum.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0.86	Expenditure per Resident	0.82	0.83	0.83
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

ENVIRONMENTAL HEALTH

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
58,100	Employees	58,400	59,000	59,600
0	Premises	0	0	0
1,700	Transport	300	300	300
36,300	Supplies and Services	15,700	15,700	15,700
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
165,600	Internal Services Recharged	124,400	123,800	123,200
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
261,700	**TOTAL EXPENDITURE**	**198,800**	**198,800**	**198,800**
	INCOME			
(261,700)	Internal Services Recharges	(198,800)	(198,800)	(198,800)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(261,700)	**TOTAL INCOME**	**(198,800)**	**(198,800)**	**(198,800)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Gavin Bailey**

BRIEF DESCRIPTION OF SERVICE

The management of the Environmental Health Department.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
2.29	Expenditure per Resident	1.74	1.74	1.74
(2.29)	Income per Resident	(1.74)	(1.74)	(1.74)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

ENVIRONMENTAL PUBLIC HEALTH

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
624,500	Employees	640,000	646,300	653,800
300	Premises	100	100	100
29,900	Transport	21,000	21,000	21,000
25,800	Supplies and Services	49,000	49,000	49,000
85,000	Third Party Payments	74,100	74,100	74,100
0	Transfer Payments	0	0	0
453,600	Internal Services Recharged	282,200	275,000	275,000
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
1,219,100	**TOTAL EXPENDITURE**	**1,066,400**	**1,065,500**	**1,073,000**
	INCOME			
(105,400)	Internal Services Recharges	(90,500)	(91,700)	(92,900)
(128,500)	Grants/Contributions/Reimbursements	(142,000)	(142,000)	(142,000)
(27,400)	Customer & Client Receipts	(37,000)	(37,100)	(37,200)
(261,300)	**TOTAL INCOME**	**(269,500)**	**(270,800)**	**(272,100)**
957,800	**NET BUDGET**	**796,900**	**794,700**	**800,900**

Responsible Budget Holder: **Gavin Bailey**

BRIEF DESCRIPTION OF SERVICE

The management and provision of the services of Animal & Public Health, Health & Safety, Food Safety, Environmental Protection, Water Safety, Environmental Works.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
10.68	Expenditure per Resident	9.34	9.33	9.40
(2.29)	Income per Resident	(2.36)	(2.37)	(2.38)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

ENVIRONMENTAL SERVICE UNIT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
79,400	Employees	83,900	85,200	86,600
200	Premises	200	200	200
0	Transport	0	0	0
3,600	Supplies and Services	4,600	4,700	4,700
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
123,400	Internal Services Recharged	65,400	64,000	62,600
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
206,600	**TOTAL EXPENDITURE**	**154,100**	**154,100**	**154,100**
	INCOME			
(206,600)	Internal Services Recharges	(154,100)	(154,100)	(154,100)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(206,600)	**TOTAL INCOME**	**(154,100)**	**(154,100)**	**(154,100)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Peter Jones**

BRIEF DESCRIPTION OF SERVICE

To control and monitor all aspects of the rechargeable functions within this service area; Refuse collection, Parks and Open Spaces, Street Cleaning and Transport.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
1.81	Expenditure per Resident	1.35	1.35	1.35
(1.81)	Income per Resident	(1.35)	(1.35)	(1.35)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

GROUNDS MAINTENANCE MANGEMENT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
701,000	Employees	716,000	723,000	729,900
16,900	Premises	16,800	16,800	16,800
219,600	Transport	187,700	187,800	187,800
30,700	Supplies and Services	61,400	61,400	61,400
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
147,500	Internal Services Recharged	144,100	131,100	130,400
57,500	Depreciation	91,800	101,300	89,000
100	Capital Financing Costs	0	0	0
1,173,300	**TOTAL EXPENDITURE**	**1,217,800**	**1,221,400**	**1,215,300**
	INCOME			
(824,400)	Internal Services Recharges	(861,200)	(861,200)	(851,500)
0	Grants/Contributions/Reimbursements	0	0	0
(348,900)	Customer & Client Receipts	(356,600)	(360,200)	(363,800)
(1,173,300)	**TOTAL INCOME**	**(1,217,800)**	**(1,221,400)**	**(1,215,300)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Keith Somers**

BRIEF DESCRIPTION OF SERVICE

The Management of the Grounds Maintenance Services

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
10.28	Expenditure per Resident	10.67	10.70	10.65
(10.28)	Income per Resident	(10.67)	(10.70)	(10.65)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

HEAD OF NEIGHBOURHOODS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
78,700	Employees	80,700	84,200	85,200
0	Premises	0	0	0
1,700	Transport	900	900	900
40,500	Supplies and Services	5,700	5,700	5,700
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
80,000	Internal Services Recharged	92,700	92,700	92,700
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
200,900	**TOTAL EXPENDITURE**	**180,000**	**183,500**	**184,500**
	INCOME			
(200,900)	Internal Services Recharges	(180,000)	(183,500)	(184,500)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(200,900)	**TOTAL INCOME**	**(180,000)**	**(183,500)**	**(184,500)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Elizabeth Prime**

BRIEF DESCRIPTION OF SERVICE

Management of Neighbourhood Services

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
1.76	Expenditure per Resident	1.58	1.61	1.62
(1.76)	Income per Resident	(1.58)	(1.61)	(1.62)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

HOUSING STANDARDS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
92,900	Employees	96,000	99,200	100,300
0	Premises	0	0	0
4,800	Transport	4,400	4,400	4,400
0	Supplies and Services	600	600	600
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
63,700	Internal Services Recharged	26,000	23,700	23,700
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
161,400	**TOTAL EXPENDITURE**	**127,000**	**127,900**	**129,000**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
(24,800)	Customer & Client Receipts	(25,600)	(25,800)	(26,000)
(24,800)	**TOTAL INCOME**	**(25,600)**	**(25,800)**	**(26,000)**
136,600	**NET BUDGET**	**101,400**	**102,100**	**103,000**

Responsible Budget Holder: **Hannah Bigden**

BRIEF DESCRIPTION OF SERVICE

This area undertakes a number of housing functions, including: Housing dis-repair, HMO licences, empty domestic properties, mobile home licensing, hoarders, filthy & verminous properties, working with landlords, illegal evictions, warrants for A1 Housing, overcrowding & immigration inspections, working with other departments in BDC & A1, and representing BDC Nottinghamshire Housing Working Group & NFRS Hoarders group.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
1.41	Expenditure per Resident	1.11	1.12	1.13
(0.22)	Income per Resident	(0.22)	(0.23)	(0.23)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

LEISURE & ARTS MANAGEMENT & ADMINISTRATION

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
199,400	Employees	203,900	205,600	207,600
1,221,300	Premises	1,231,400	1,253,700	1,277,300
20,800	Transport	19,200	19,300	19,300
99,500	Supplies and Services	114,200	114,200	114,200
977,400	Third Party Payments	1,110,700	1,160,300	1,212,000
0	Transfer Payments	0	0	0
372,100	Internal Services Recharged	426,200	416,700	404,600
548,200	Depreciation	568,000	553,000	554,500
1,300	Capital Financing Costs	0	0	0
3,440,000	**TOTAL EXPENDITURE**	**3,673,600**	**3,722,800**	**3,789,500**
	INCOME			
(127,400)	Internal Services Recharges	(105,100)	(105,100)	(105,100)
(487,900)	Grants/Contributions/Reimbursements	(52,100)	(52,100)	(52,100)
(42,700)	Customer & Client Receipts	(454,700)	(476,500)	(499,500)
(658,000)	**TOTAL INCOME**	**(611,900)**	**(633,700)**	**(656,700)**
2,782,000	**NET BUDGET**	**3,061,700**	**3,089,100**	**3,132,800**

Responsible Budget Holder: **Peter Clark / Keith Somers**

BRIEF DESCRIPTION OF SERVICE

The management, administration and development of the Leisure Centres, Kilton Forest Golf Course. The developing a sporting infrastructure across the district by working in partnership with a range of different organisations and to deliver specific programmes, i.e. people with a disability and young people at risk of social exclusion. This area includes Parks & Open Spaces Management, management of the Allotments, facilitation of Community Park Events.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
30.14	Expenditure per Resident	32.18	32.62	33.20
(5.76)	Income per Resident	(5.36)	(5.55)	(5.75)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

PUBLIC CONVENIENCES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
77,400	Employees	77,800	78,600	79,300
45,200	Premises	48,700	49,100	49,800
0	Transport	0	0	0
7,400	Supplies and Services	9,900	9,900	9,900
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
18,900	Internal Services Recharged	59,900	59,900	59,900
13,400	Depreciation	15,400	15,400	15,400
100	Capital Financing Costs	0	0	0
162,400	**TOTAL EXPENDITURE**	**211,700**	**212,900**	**214,300**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
162,400	**NET BUDGET**	**211,700**	**212,900**	**214,300**

Responsible Budget Holder: **Tim Andrew**

BRIEF DESCRIPTION OF SERVICE

To provide adequate and clean public conveniences.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
1.42	Expenditure per Resident	1.85	1.87	1.88
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

STREET CLEANSING GENERAL

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
533,800	Employees	508,600	513,300	518,000
56,100	Premises	44,000	44,100	44,100
177,300	Transport	154,900	155,000	155,000
24,500	Supplies and Services	37,900	37,900	37,900
24,000	Third Party Payments	24,000	24,000	24,000
0	Transfer Payments	0	0	0
196,500	Internal Services Recharged	144,900	144,000	137,500
116,900	Depreciation	98,100	131,700	131,300
100	Capital Financing Costs	0	0	0
1,129,200	**TOTAL EXPENDITURE**	**1,012,400**	**1,050,000**	**1,047,800**
	INCOME			
(250,400)	Internal Services Recharges	(198,400)	(198,400)	(193,200)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(250,400)	**TOTAL INCOME**	**(198,400)**	**(198,400)**	**(193,200)**
878,800	**NET BUDGET**	**814,000**	**851,600**	**854,600**

Responsible Budget Holder: **Tim Andrew**

BRIEF DESCRIPTION OF SERVICE

To maintain cleanliness in accordance with the Environmental Protection Act 1988.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
9.89	Expenditure per Resident	8.87	9.20	9.18
(2.19)	Income per Resident	(1.74)	(1.74)	(1.69)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

TRANSPORT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
255,500	Employees	243,700	246,000	248,200
1,400	Premises	1,500	1,500	1,600
293,800	Transport	290,400	290,400	290,400
22,700	Supplies and Services	28,600	28,600	28,600
0	Third Party Payments	200	200	200
0	Transfer Payments	0	0	0
163,800	Internal Services Recharged	113,000	109,500	109,500
4,000	Depreciation	4,000	7,700	6,000
200	Capital Financing Costs	0	0	0
741,400	**TOTAL EXPENDITURE**	**681,400**	**683,900**	**684,500**
	INCOME			
(462,800)	Internal Services Recharges	(397,000)	(397,000)	(395,100)
0	Grants/Contributions/Reimbursements	0	0	0
(278,600)	Customer & Client Receipts	(284,400)	(286,900)	(289,400)
(741,400)	**TOTAL INCOME**	**(681,400)**	**(683,900)**	**(684,500)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Peter Jones**

BRIEF DESCRIPTION OF SERVICE

Costs associated with undertaking the MOTs and repairs of the Council's and A1 Housing vehicle fleet.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
6.50	Expenditure per Resident	5.97	5.99	6.00
(6.50)	Income per Resident	(5.97)	(5.99)	(6.00)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

WASTE COLLECTION & DISPOSAL

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
1,034,600	Employees	1,178,900	1,191,200	1,202,800
102,200	Premises	72,300	72,300	72,300
388,600	Transport	378,600	378,900	378,900
87,400	Supplies and Services	98,500	98,500	98,500
193,600	Third Party Payments	202,700	202,700	202,700
0	Transfer Payments	0	0	0
392,300	Internal Services Recharged	302,800	301,500	299,800
449,700	Depreciation	420,600	345,700	262,100
400	Capital Financing Costs	0	0	0
2,648,800	**TOTAL EXPENDITURE**	**2,654,400**	**2,590,800**	**2,517,100**
	INCOME			
(233,100)	Internal Services Recharges	(218,600)	(218,600)	(218,400)
(48,000)	Grants/Contributions/Reimbursements	(50,000)	(50,000)	(50,000)
(407,100)	Customer & Client Receipts	(541,900)	(601,900)	(691,200)
(688,200)	**TOTAL INCOME**	**(810,500)**	**(870,500)**	**(959,600)**
1,960,600	**NET BUDGET**	**1,843,900**	**1,720,300**	**1,557,500**

Responsible Budget Holder: **Tim Andrew**

BRIEF DESCRIPTION OF SERVICE

To provide a collection and disposal service for domestic and trade waste users, including in this is a bulky items and a comprehensive recycling service for residents.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
23.21	Expenditure per Resident	23.26	22.70	22.05
(6.03)	Income per Resident	(7.10)	(7.63)	(8.41)

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

REGENERATION

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
347,800	Building Control	324,200	322,600	324,600
176,900	CCTV	178,300	179,600	191,200
923,000	Economic Development	815,400	812,100	805,600
0	Head of Regeneration	0	0	0
309,100	Homelessness	309,000	306,900	309,800
0	Housing Management & Support	0	0	0
36,400	Housing Strategy	41,300	41,300	41,300
172,100	Museums	165,800	164,800	166,500
848,700	Planning	870,500	796,100	790,600
795,900	Private Sector Housing Renewals	688,900	245,800	246,900
3,609,900	**TOTAL EXPENDITURE**	**3,393,400**	**2,869,200**	**2,876,500**

DIRECTOR OF REGENERATION & NEIGHBOURHOODS

REGENERATION

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
2,545,900	Employees	2,529,100	2,552,700	2,565,400
243,800	Premises	247,400	249,400	252,000
120,600	Transport	95,300	95,300	95,300
1,723,000	Supplies and Services	1,603,000	1,162,200	1,162,200
164,600	Third Party Payments	419,300	319,000	301,800
0	Transfer Payments	0	0	0
1,503,200	Internal Services Recharged	1,343,500	1,302,400	1,297,400
206,600	Depreciation	168,100	169,000	161,000
900	Capital Financing Costs	0	0	0
6,508,600	**TOTAL EXPENDITURE**	**6,405,700**	**5,850,000**	**5,835,100**
	INCOME			
(700,500)	Internal Services Recharges	(656,200)	(660,000)	(661,300)
(614,800)	Grants/Contributions/Reimbursements	(695,000)	(664,100)	(645,100)
(1,583,400)	Customer & Client Receipts	(1,661,100)	(1,656,700)	(1,652,200)
(2,898,700)	**TOTAL INCOME**	**(3,012,300)**	**(2,980,800)**	**(2,958,600)**
3,609,900	**NET BUDGET**	**3,393,400**	**2,869,200**	**2,876,500**

Responsible Budget Holder: **Beverley Alderton-Sambrook**

BRIEF DESCRIPTION OF SERVICE

The management and provision of services such as Planning, Building Control, Economic Development, CCTV, Town Centre Management and Housing. Provision of advice and support on all aspects of matters affecting the prosperity of the District.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
57.02	Expenditure per Resident	56.12	51.25	51.12
(25.40)	Income per Resident	(26.39)	(26.11)	(25.92)

DIRECTOR OF REGEN&NEIGHBOUR

BUILDING CONTROL

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
334,000	Employees	326,700	329,700	332,500
800	Premises	800	800	800
30,400	Transport	19,200	19,200	19,200
22,200	Supplies and Services	12,100	12,100	12,100
9,000	Third Party Payments	5,000	5,000	5,000
0	Transfer Payments	0	0	0
137,400	Internal Services Recharged	132,200	127,600	126,800
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
533,800	**TOTAL EXPENDITURE**	**496,000**	**494,400**	**496,400**
	INCOME			
(5,100)	Internal Services Recharges	(4,600)	(4,600)	(4,600)
0	Grants/Contributions/Reimbursements	0	0	0
(180,900)	Customer & Client Receipts	(167,200)	(167,200)	(167,200)
(186,000)	**TOTAL INCOME**	**(171,800)**	**(171,800)**	**(171,800)**
347,800	**NET BUDGET**	**324,200**	**322,600**	**324,600**

Responsible Budget Holder: **Angela Edwards**

BRIEF DESCRIPTION OF SERVICE

The consideration of plans and the inspection of work in accordance with the Building Regulations. The consideration of plans and the inspection of work reverting to Local Authority control. Enforcement of legislation and undertaking of statutory administrative duties not within the authority of Approved Inspectors. Provision of out of hours call out service in respect of dangerous structures.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
4.68	Expenditure per Resident	4.35	4.33	4.35
(1.63)	Income per Resident	(1.51)	(1.51)	(1.51)

DIRECTOR OF REGEN&NEIGHBOUR

CCTV

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
100,700	Employees	113,600	114,800	126,300
7,100	Premises	7,400	7,500	7,600
0	Transport	0	0	0
12,800	Supplies and Services	24,800	24,800	24,800
0	Third Party Payments	2,000	2,000	2,000
0	Transfer Payments	0	0	0
34,800	Internal Services Recharged	29,100	29,100	29,100
35,200	Depreciation	28,500	28,500	28,500
100	Capital Financing Costs	0	0	0
190,700	**TOTAL EXPENDITURE**	**205,400**	**206,700**	**218,300**
	INCOME			
0	Internal Services Recharges	0	0	0
(13,800)	Grants/Contributions/Reimbursements	(13,800)	(13,800)	(13,800)
0	Customer & Client Receipts	(13,300)	(13,300)	(13,300)
(13,800)	**TOTAL INCOME**	**(27,100)**	**(27,100)**	**(27,100)**
176,900	**NET BUDGET**	**178,300**	**179,600**	**191,200**

Responsible Budget Holder: **Richard Blagg**

BRIEF DESCRIPTION OF SERVICE

Enhancing the safety and the confidence of the local community.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
1.67	Expenditure per Resident	1.80	1.81	1.91
(0.12)	Income per Resident	(0.24)	(0.24)	(0.24)

DIRECTOR OF REGEN&NEIGHBOUR

ECONOMIC DEVELOPMENT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
581,500	Employees	584,800	589,100	587,500
189,700	Premises	183,500	184,900	186,600
46,200	Transport	39,800	39,800	39,800
197,900	Supplies and Services	191,300	191,500	191,500
89,600	Third Party Payments	126,800	121,000	103,800
0	Transfer Payments	0	0	0
225,400	Internal Services Recharged	174,500	164,900	164,300
163,600	Depreciation	131,600	134,900	127,100
300	Capital Financing Costs	0	0	0
1,494,200	**TOTAL EXPENDITURE**	**1,432,300**	**1,426,100**	**1,400,600**
	INCOME			
0	Internal Services Recharges	0	0	0
(11,000)	Grants/Contributions/Reimbursements	(48,200)	(45,300)	(26,300)
(560,200)	Customer & Client Receipts	(568,700)	(568,700)	(568,700)
(571,200)	**TOTAL INCOME**	**(616,900)**	**(614,000)**	**(595,000)**
923,000	**NET BUDGET**	**815,400**	**812,100**	**805,600**

Responsible Budget Holder: **Robert Wilkinson**

BRIEF DESCRIPTION OF SERVICE

To support the running costs of the Bassetlaw Business Innovation Centre through partnership with Nottinghamshire County Council. Funding of the Bassetlaw Enterprise Board to provide technical and financial support to new and expanding businesses in Bassetlaw. To provide partnership finance allocated to established and proven business support organisations. To encourage and foster inward investment enquiries. To raise the profile of Europe both in terms of funding available and non-financial opportunities for Bassetlaw. To provide targeted financial support for regeneration initiative in the areas of particular disadvantage. The unit provides business support.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
13.09	Expenditure per Resident	12.55	12.49	12.27
(5.00)	Income per Resident	(5.40)	(5.38)	(5.21)

DIRECTOR OF REGEN&NEIGHBOUR

HEAD OF REGENERATION

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
81,500	Employees	80,600	84,100	85,100
0	Premises	0	0	0
1,000	Transport	600	600	600
40,600	Supplies and Services	5,900	5,900	5,900
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
90,300	Internal Services Recharged	98,000	98,000	98,000
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
213,400	**TOTAL EXPENDITURE**	**185,100**	**188,600**	**189,600**
	INCOME			
(213,400)	Internal Services Recharges	(185,100)	(188,600)	(189,600)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(213,400)	**TOTAL INCOME**	**(185,100)**	**(188,600)**	**(189,600)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Beverley Alderton-Sambrook**

BRIEF DESCRIPTION OF SERVICE

To provide overall management and control of the Regeneration service area.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
1.87	Expenditure per Resident	1.62	1.65	1.66
(1.87)	Income per Resident	(1.62)	(1.65)	(1.66)

DIRECTOR OF REGEN&NEIGHBOUR

HOMELESSNESS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
144,900	Employees	160,200	163,500	166,600
0	Premises	0	0	0
3,600	Transport	4,600	4,600	4,600
86,900	Supplies and Services	87,000	87,000	87,000
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
73,600	Internal Services Recharged	57,200	51,800	51,600
0	Depreciation	0	0	0
100	Capital Financing Costs	0	0	0
309,100	**TOTAL EXPENDITURE**	**309,000**	**306,900**	**309,800**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
309,100	**NET BUDGET**	**309,000**	**306,900**	**309,800**

Responsible Budget Holder: **Trudy Walstow**

BRIEF DESCRIPTION OF SERVICE

The Housing Needs Team are responsible for providing a service to those who are homeless or likely to become so, during and outside normal office hours and discharging legal obligations in accordance with the relevant legislation. This involves providing emergency Bed & Breakfast accommodation and other forms of housing such as private rented tenancies. They are also responsible for the prevention of homelessness and are required to have a number of homeless prevention initiatives in place such as Bond Scheme and the Homeless Prevention Fund.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
2.71	Expenditure per Resident	2.71	2.69	2.71
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF REGEN&NEIGHBOUR

HOUSING MANAGEMENT & SUPPORT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
34,600	Employees	46,000	47,100	47,500
0	Premises	9,600	9,600	9,600
700	Transport	500	500	500
3,500	Supplies and Services	1,800	1,800	1,800
2,000	Third Party Payments	28,400	28,400	28,400
0	Transfer Payments	0	0	0
52,400	Internal Services Recharged	34,500	33,700	33,600
0	Depreciation	0	0	0
100	Capital Financing Costs	0	0	0
93,300	**TOTAL EXPENDITURE**	**120,800**	**121,100**	**121,400**
	INCOME			
(93,300)	Internal Services Recharges	(82,800)	(83,100)	(83,400)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	(38,000)	(38,000)	(38,000)
(93,300)	**TOTAL INCOME**	**(120,800)**	**(121,100)**	**(121,400)**
0	**NET BUDGET**	**0**	**0**	**0**

Responsible Budget Holder: **Christine Staniforth**

BRIEF DESCRIPTION OF SERVICE

Strategic management of housing services.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
0.82	Expenditure per Resident	1.06	1.06	1.06
(0.82)	Income per Resident	(1.06)	(1.06)	(1.06)

DIRECTOR OF REGEN&NEIGHBOUR

HOUSING STRATEGY

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
800	Supplies and Services	1,100	1,100	1,100
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
35,600	Internal Services Recharged	40,200	40,200	40,200
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
36,400	**TOTAL EXPENDITURE**	**41,300**	**41,300**	**41,300**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
36,400	**NET BUDGET**	**41,300**	**41,300**	**41,300**

Responsible Budget Holder: **Christine Staniforth**

BRIEF DESCRIPTION OF SERVICE

Costs relating to the Housing Investment Programme bid.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0.32	Expenditure per Resident	0.36	0.36	0.36
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF REGEN&NEIGHBOUR

MUSEUMS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
84,400	Employees	85,500	86,400	87,300
44,700	Premises	46,100	46,600	47,400
600	Transport	200	200	200
9,000	Supplies and Services	9,400	9,400	9,400
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
29,500	Internal Services Recharged	20,400	18,000	18,000
4,500	Depreciation	4,700	4,700	4,700
0	Capital Financing Costs	0	0	0
172,700	**TOTAL EXPENDITURE**	**166,300**	**165,300**	**167,000**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
(600)	Customer & Client Receipts	(500)	(500)	(500)
(600)	**TOTAL INCOME**	**(500)**	**(500)**	**(500)**
172,100	**NET BUDGET**	**165,800**	**164,800**	**166,500**

Responsible Budget Holder: **Sam Glaswell**

BRIEF DESCRIPTION OF SERVICE

To provide cultural facilities in the form of a Museum. This includes Percy Laws Gallery and offers exhibits which reflect the history of the District.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
1.51	Expenditure per Resident	1.46	1.45	1.46
(0.01)	Income per Resident	(0.00)	(0.00)	(0.00)

DIRECTOR OF REGEN&NEIGHBOUR

PLANNING

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
1,106,400	Employees	1,051,600	1,057,000	1,050,500
1,500	Premises	0	0	0
32,700	Transport	26,600	26,600	26,600
106,300	Supplies and Services	117,800	117,800	117,800
49,000	Third Party Payments	242,100	147,600	147,600
0	Transfer Payments	0	0	0
779,900	Internal Services Recharged	729,200	713,900	710,600
3,300	Depreciation	3,300	900	700
0	Capital Financing Costs	0	0	0
2,079,100	**TOTAL EXPENDITURE**	**2,170,600**	**2,063,800**	**2,053,800**
	INCOME			
(388,700)	Internal Services Recharges	(383,700)	(383,700)	(383,700)
0	Grants/Contributions/Reimbursements	(43,000)	(15,000)	(15,000)
(841,700)	Customer & Client Receipts	(873,400)	(869,000)	(864,500)
(1,230,400)	**TOTAL INCOME**	**(1,300,100)**	**(1,267,700)**	**(1,263,200)**
848,700	**NET BUDGET**	**870,500**	**796,100**	**790,600**

Responsible Budget Holder: **Beverley Alderton-Sambrook**

BRIEF DESCRIPTION OF SERVICE

To process planning applications and appeals, the investigation and enforcement of unauthorised development, to ensure compliance with planning conditions as development proceeds and the provision of advice relating to all development related proposals. All aspects of the Local Development Framework; collection and collation of planning data; co-ordination and liaison on major development issues, highways, public transport and other physical environment issues. The management of Heritage service including: provision of expert advice on heritage applications; management of grant schemes and historic environment regeneration scheme; production of Conservation Arear Appraisals. Management of tree service, including provision of expert advice on tree applications and surveying and creation of Tree Preservation Orders.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
18.21	Expenditure per Resident	19.02	18.08	17.99
(10.78)	Income per Resident	(11.39)	(11.11)	(11.07)

DIRECTOR OF REGEN&NEIGHBOUR

PRIVATE SECTOR HOUSING RENEWALS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
77,900	Employees	80,100	81,000	82,100
0	Premises	0	0	0
5,400	Transport	3,800	3,800	3,800
1,243,000	Supplies and Services	1,151,800	710,800	710,800
15,000	Third Party Payments	15,000	15,000	15,000
0	Transfer Payments	0	0	0
44,300	Internal Services Recharged	28,200	25,200	25,200
0	Depreciation	0	0	0
300	Capital Financing Costs	0	0	0
1,385,900	**TOTAL EXPENDITURE**	**1,278,900**	**835,800**	**836,900**
	INCOME			
0	Internal Services Recharges	0	0	0
(590,000)	Grants/Contributions/Reimbursements	(590,000)	(590,000)	(590,000)
0	Customer & Client Receipts	0	0	0
(590,000)	**TOTAL INCOME**	**(590,000)**	**(590,000)**	**(590,000)**
795,900	**NET BUDGET**	**688,900**	**245,800**	**246,900**

Responsible Budget Holder: **Justine Knowles**

BRIEF DESCRIPTION OF SERVICE

The administration of the grants for the renovation and renewal of property and facilitate partnership for the provision of minor adaptations in own homes. Also, the administration of the Agency Housing Renovation, Disabled Facility Grants and Minor Works Grants.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
12.14	Expenditure per Resident	11.20	7.32	7.33
(5.17)	Income per Resident	(5.17)	(5.17)	(5.17)

DIRECTOR OF CORPORATE RESOURCE

OTHER BUDGETS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0	A1 Shared Services	(350,000)	(350,000)	(350,000)
351,200	Provisions	253,700	253,700	253,700
53,400	Rural Services Delivery Grant	43,100	33,200	43,100
404,600	**TOTAL EXPENDITURE**	**(53,200)**	**(63,100)**	**(53,200)**

DIRECTOR OF CORPORATE RESOURCE

OTHER BUDGETS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
10,000	Premises	0	0	0
0	Transport	0	0	0
357,100	Supplies and Services	(53,200)	(63,100)	(53,200)
37,500	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
404,600	**TOTAL EXPENDITURE**	**(53,200)**	**(63,100)**	**(53,200)**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
404,600	**NET BUDGET**	**(53,200)**	**(63,100)**	**(53,200)**

Responsible Budget Holder: **David Hill**

BRIEF DESCRIPTION OF SERVICE

This covers all of the areas that are not specifically under the control of a Head of Service. It consists of any provisions made by the Council; a holding area for the Rural Services Delivery Grant expenditure and the savings to be generated from the sharing of services between the Council and A1 Housing.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
3.54	Expenditure per Resident	(0.47)	(0.55)	(0.47)
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

A1 SHARED SERVICES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	(350,000)	(350,000)	(350,000)
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
0	**TOTAL EXPENDITURE**	**(350,000)**	**(350,000)**	**(350,000)**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
0	**NET BUDGET**	**(350,000)**	**(350,000)**	**(350,000)**

Responsible Budget Holder: **David Hill**

BRIEF DESCRIPTION OF SERVICE

This budget represents the savings that will be generated from the sharing of services between the Council and A1 Housing.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0.00	Expenditure per Resident	(3.07)	(3.07)	(3.07)
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

PROVISIONS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
10,000	Premises	0	0	0
0	Transport	0	0	0
303,700	Supplies and Services	253,700	253,700	253,700
37,500	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
351,200	**TOTAL EXPENDITURE**	**253,700**	**253,700**	**253,700**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
351,200	**NET BUDGET**	**253,700**	**253,700**	**253,700**

Responsible Budget Holder: **David Hill**

BRIEF DESCRIPTION OF SERVICE

This budget holds the Council's Provisions budgets; namely; Corporate Contingency a general provision against major variances that are of a 'one-off' nature; Bad Debt provision, an amount set aside to cover debts that prove to be uncollectable in the future and Legal Contingency a general provision which provides funding to services for costs incurred on any external legal provision.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
3.08	Expenditure per Resident	2.22	2.22	2.22
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

RURAL SERVICES DELIVERY GRANT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
53,400	Supplies and Services	43,100	33,200	43,100
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
53,400	**TOTAL EXPENDITURE**	**43,100**	**33,200**	**43,100**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
53,400	**NET BUDGET**	**43,100**	**33,200**	**43,100**

Responsible Budget Holder: **David Hill**

BRIEF DESCRIPTION OF SERVICE

Holding account for expenditure relating to expenditure from Rural Services Delivery Grant.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0.47	Expenditure per Resident	0.38	0.29	0.38
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

NET INTEREST & BORROWING COSTS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
734,200	Borrowing Costs	643,000	690,900	730,900
(44,000)	Investment Interest Income	(51,600)	(52,600)	(53,700)
(7,500)	LAMS Interest	(13,700)	(13,700)	(13,700)
7,700	Other Interest	7,700	7,700	7,700
(6,000)	Renovation Grant Interest	(6,000)	(6,000)	(6,000)
3,000	Temporary Loans	1,500	1,500	1,500
687,400	**TOTAL EXPENDITURE**	**580,900**	**627,800**	**666,700**

DIRECTOR OF CORPORATE RESOURCE

NET INTEREST & BORROWING COSTS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
900	Supplies and Services	900	900	900
7,500	Third Party Payments	13,700	13,700	13,700
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
679,000	Capital Financing Costs	566,300	613,200	652,100
687,400	**TOTAL EXPENDITURE**	**580,900**	**627,800**	**666,700**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
687,400	**NET BUDGET**	**580,900**	**627,800**	**666,700**

Responsible Budget Holder: **David Hill**

BRIEF DESCRIPTION OF SERVICE

This covers all of the areas that are not specifically under the control of a Head of Service. It consists of: the interest costs associated with long term borrowing and investments; and any reinvestment into the Council services.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
6.02	Expenditure per Resident	5.09	5.50	5.84
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

BORROWING COSTS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
900	Supplies and Services	900	900	900
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
733,300	Capital Financing Costs	642,100	690,000	730,000
734,200	**TOTAL EXPENDITURE**	**643,000**	**690,900**	**730,900**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
734,200	**NET BUDGET**	**643,000**	**690,900**	**730,900**

Responsible Budget Holder: **Nick Wilson**

BRIEF DESCRIPTION OF SERVICE

This aids the Council to support its cash flow, and relates to interest payable on temporary and long-term loans.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
6.43	Expenditure per Resident	5.63	6.05	6.40
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

INVESTMENT INTEREST INCOME

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
(44,000)	Capital Financing Costs	(51,600)	(52,600)	(53,700)
(44,000)	**TOTAL EXPENDITURE**	**(51,600)**	**(52,600)**	**(53,700)**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
(44,000)	**NET BUDGET**	**(51,600)**	**(52,600)**	**(53,700)**

Responsible Budget Holder: **Nick Wilson**

BRIEF DESCRIPTION OF SERVICE

This budget relates to interest receivable from short term investments.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
(0.39)	Expenditure per Resident	(0.45)	(0.46)	(0.47)
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

LAMS INTEREST

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
7,500	Third Party Payments	13,700	13,700	13,700
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
(15,000)	Capital Financing Costs	(27,400)	(27,400)	(27,400)
(7,500)	**TOTAL EXPENDITURE**	**(13,700)**	**(13,700)**	**(13,700)**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
(7,500)	**NET BUDGET**	**(13,700)**	**(13,700)**	**(13,700)**

Responsible Budget Holder: **Nick Wilson**

BRIEF DESCRIPTION OF SERVICE

This budget relates to interest receivable from the Local Authority Mortgage Scheme.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
(0.07)	Expenditure per Resident	(0.12)	(0.12)	(0.12)
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

OTHER INTEREST

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
7,700	Capital Financing Costs	7,700	7,700	7,700
7,700	**TOTAL EXPENDITURE**	**7,700**	**7,700**	**7,700**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
7,700	**NET BUDGET**	**7,700**	**7,700**	**7,700**

Responsible Budget Holder: **Nick Wilson**

BRIEF DESCRIPTION OF SERVICE

To accounts for minor other interest payable.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0.07	Expenditure per Resident	0.07	0.07	0.07
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

RENOVATION GRANT INTEREST

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
(6,000)	Capital Financing Costs	(6,000)	(6,000)	(6,000)
(6,000)	**TOTAL EXPENDITURE**	**(6,000)**	**(6,000)**	**(6,000)**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
(6,000)	**NET BUDGET**	**(6,000)**	**(6,000)**	**(6,000)**

Responsible Budget Holder: **Nick Wilson**

BRIEF DESCRIPTION OF SERVICE

To accounts for the interest receivable from Renovation Grants.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
(0.05)	Expenditure per Resident	(0.05)	(0.05)	(0.05)
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

TEMPORARY LOANS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
3,000	Capital Financing Costs	1,500	1,500	1,500
3,000	**TOTAL EXPENDITURE**	**1,500**	**1,500**	**1,500**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
3,000	**NET BUDGET**	**1,500**	**1,500**	**1,500**

Responsible Budget Holder: **Nick Wilson**

BRIEF DESCRIPTION OF SERVICE

To account for costs associated with Temporary Loans.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0.03	Expenditure per Resident	0.01	0.01	0.01
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

OTHER OPERATING EXPENDITURE

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
466,600	Drainage Board Levies	475,900	485,400	495,100
675,000	Housing Capital Receipts Pooling	768,700	784,000	799,000
976,200	Parish Precept	1,025,000	1,076,000	1,130,000
2,117,800	**TOTAL EXPENDITURE**	**2,269,600**	**2,345,400**	**2,424,100**

DIRECTOR OF CORPORATE RESOURCE

OTHER OPERATING EXPENDITURE

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
1,651,200	Third Party Payments	1,793,700	1,860,000	1,929,000
466,600	Transfer Payments	475,900	485,400	495,100
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
2,117,800	**TOTAL EXPENDITURE**	**2,269,600**	**2,345,400**	**2,424,100**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
2,117,800	**NET BUDGET**	**2,269,600**	**2,345,400**	**2,424,100**

Responsible Budget Holder: **David Hill**

BRIEF DESCRIPTION OF SERVICE

This covers all of the areas that are not specifically under the control of a Head of Service. It consists of: the levies from the parishes and internal drainage boards, Housing Capital Receipts and Parish Precepts.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST 2018/19	FORECAST 2019/20
£		£	£	£
18.55	Expenditure per Resident	19.88	20.55	21.24
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

DRAINAGE BOARD LEVIES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
0	Third Party Payments	0	0	0
466,600	Transfer Payments	475,900	485,400	495,100
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
466,600	**TOTAL EXPENDITURE**	**475,900**	**485,400**	**495,100**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
466,600	**NET BUDGET**	**475,900**	**485,400**	**495,100**

Responsible Budget Holder: **David Hill**

BRIEF DESCRIPTION OF SERVICE

To provide payments to local internal drainage boards under statute.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
4.09	Expenditure per Resident	4.17	4.25	4.34
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

HOUSING CAPITAL RECEIPTS POOLING

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
675,000	Third Party Payments	768,700	784,000	799,000
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
675,000	**TOTAL EXPENDITURE**	**768,700**	**784,000**	**799,000**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
675,000	**NET BUDGET**	**768,700**	**784,000**	**799,000**

Responsible Budget Holder: **Nick Wilson**

BRIEF DESCRIPTION OF SERVICE

To account for the pooling of Right to Buy Sales.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
5.91	Expenditure per Resident	6.73	6.87	7.00
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

PARISH PRECEPT

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
976,200	Third Party Payments	1,025,000	1,076,000	1,130,000
0	Transfer Payments	0	0	0
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
976,200	**TOTAL EXPENDITURE**	**1,025,000**	**1,076,000**	**1,130,000**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
976,200	**NET BUDGET**	**1,025,000**	**1,076,000**	**1,130,000**

Responsible Budget Holder: **David Hill**

BRIEF DESCRIPTION OF SERVICE

To contribute to Parish Councils for undertaking work that a District Council could ordinarily be responsible for. To provide payments to local internal drainage boards alongside other local authorities.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
8.55	Expenditure per Resident	8.98	9.43	9.90
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

ACCOUNTING ADJUSTMENTS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
(2,601,600)	Accounting Adjustments	(2,467,500)	(2,440,000)	(2,347,300)
(2,601,600)	**TOTAL EXPENDITURE**	**(2,467,500)**	**(2,440,000)**	**(2,347,300)**

DIRECTOR OF CORPORATE RESOURCE

ACCOUNTING ADJUSTMENTS

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	0	0
1,562,000	Internal Services Recharged	985,000	850,000	1,380,000
781,000	Depreciation	660,700	696,000	724,100
0	Capital Financing Costs	0	0	0
2,343,000	**TOTAL EXPENDITURE**	**1,645,700**	**1,546,000**	**2,104,100**
	INCOME			
(4,944,600)	Internal Services Recharges	(4,113,200)	(3,986,000)	(4,451,400)
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
(4,944,600)	**TOTAL INCOME**	**(4,113,200)**	**(3,986,000)**	**(4,451,400)**
(2,601,600)	**NET BUDGET**	**(2,467,500)**	**(2,440,000)**	**(2,347,300)**

Responsible Budget Holder: **David Hill**

BRIEF DESCRIPTION OF SERVICE

This covers all of the areas that are not specifically under the control of a Head of Service. It consists of: Statutory Accounting entries to reverse the effects of depreciation charges; the reversal of Housing Capital Receipts Pooling, and the Minimum Revenue Provision.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
20.53	Expenditure per Resident	14.42	13.54	18.43
(43.32)	Income per Resident	(36.04)	(34.92)	(39.00)

DIRECTOR OF CORPORATE RESOURCE

RESERVES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0	Savings Target	0	(952,700)	(1,661,100)
1,242,000	Transfer to/(from) Earmarked Reserves	944,000	746,400	951,800
1,242,000	**TOTAL EXPENDITURE**	**944,000**	**(206,300)**	**(709,300)**

DIRECTOR OF CORPORATE RESOURCE

RESERVES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
0	Third Party Payments	0	0	0
1,242,000	Transfer Payments	944,000	(206,300)	(709,300)
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
1,242,000	**TOTAL EXPENDITURE**	**944,000**	**(206,300)**	**(709,300)**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
1,242,000	**NET BUDGET**	**944,000**	**(206,300)**	**(709,300)**

Responsible Budget Holder: **David Hill**

BRIEF DESCRIPTION OF SERVICE

This budget represents the movements to/(from) general reserve and earmarked reserves for 2017/18, 2018/19 and 2019/20. It also details the savings target required for all 3 years.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
10.88	Expenditure per Resident	8.27	(1.81)	(6.21)
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

SAVINGS TARGET

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
0	Third Party Payments	0	0	0
0	Transfer Payments	0	(952,700)	(1,661,100)
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
0	**TOTAL EXPENDITURE**	**0**	**(952,700)**	**(1,661,100)**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
0	**NET BUDGET**	**0**	**(952,700)**	**(1,661,100)**

Responsible Budget Holder: **Mike Hill**

BRIEF DESCRIPTION OF SERVICE

This budget represents the movements to/(from) general reserve and earmarked reserves for 2016/17, 2017/18 and 2018/19. It also details the savings target required for all 3 years.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
0.00	Expenditure per Resident	0.00	(8.35)	(14.55)
0.00	Income per Resident	0.00	0.00	0.00

DIRECTOR OF CORPORATE RESOURCE

RESERVES

BUDGET 2016/17	GROUP	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
	EXPENDITURE			
0	Employees	0	0	0
0	Premises	0	0	0
0	Transport	0	0	0
0	Supplies and Services	0	0	0
0	Third Party Payments	0	0	0
1,242,000	Transfer Payments	944,000	746,400	951,800
0	Internal Services Recharged	0	0	0
0	Depreciation	0	0	0
0	Capital Financing Costs	0	0	0
1,242,000	**TOTAL EXPENDITURE**	**944,000**	**746,400**	**951,800**
	INCOME			
0	Internal Services Recharges	0	0	0
0	Grants/Contributions/Reimbursements	0	0	0
0	Customer & Client Receipts	0	0	0
0	**TOTAL INCOME**	**0**	**0**	**0**
1,242,000	**NET BUDGET**	**944,000**	**746,400**	**951,800**

Responsible Budget Holder: **Mike Hill**

BRIEF DESCRIPTION OF SERVICE

This budget represents the movements to/(from) general reserve and earmarked reserves for 2016/17, 2017/18 and 2018/19. It also details the savings target required for all 3 years.

BUDGET 2016/17	UNIT COSTS	BUDGET 2017/18	FORECAST	
			2018/19	2019/20
£		£	£	£
10.88	Expenditure per Resident	8.27	6.54	8.34
0.00	Income per Resident	0.00	0.00	0.00

Agenda Item No.

BASSETLAW DISTRICT COUNCIL

CABINET

9TH FEBRUARY 2017

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

GENERAL FUND CAPITAL PROGRAMME 2017/18 TO 2021/22

Cabinet Member: Finance
Contact: David Hill
Ext: 3174

1. Public Interest Test

1.1 The author of this report, David Hill, has determined that the report is not confidential.

2. Purpose of the Report

2.1 To approve the General Fund Capital Programme for 2017/18 to 2021/22.

3. Background and Discussion

3.1 As part of the overall strategy for capital, the Council restricts the funding of capital schemes via revenue, and minimises borrowing as the revenue implications add to the revenue pressures on the General Fund. This means that the capital programme is predominantly funded using capital resources from the sale of assets, Section 106 contributions, or external grant funding.

3.2 The Council undertakes bi-monthly capital budget monitoring of the projects within the General Fund. This is chaired by the Cabinet Member for Finance, and includes finance officers, project managers and relevant Cabinet Members. This meeting has been effective in ensuring that the majority of the existing capital projects will be delivered by the end of March 2017.

3.3 Due to the low level of existing capital resources available for new investment, the annual outline capital bids process has not been invoked this year. Instead, it is scheduled for the early 2017 when it is anticipated that further capital receipts may have been generated from the sale of General Fund assets and the New Homes Bonus allocation is confirmed.

4. Capital Expenditure

Schemes Already Approved as Part of the 2016/17 Budget Setting Process

4.1 There are a number of schemes already approved for the period 2017/18 to 2021/22 resulting from the budget process in February last year. These are:

	Total	Funded by:

	Cost £'000	
2017/18:		
Disabled Facilities Grant	700	Better Care Fund £530k; DFG Capital Receipts £170k
Vehicles & Plant – Replacement	815	Borrowing £815k
Flood Alleviation Small Schemes	50	Capital Receipts £50k
ICT Storage & Server Infrastructure	28	Capital Receipts £28k
Planned Maintenance & Capital Upgrades	100	Capital Receipts £100k
Market Canopy Renewals	10	Capital Receipts £10k
2018/19:		
Disabled Facilities Grant	700	Better Care Fund £530k; DFG Capital Receipts £170k
Vehicles & Plant – Replacement	764	Borrowing £764k
Flood Alleviation Small Schemes	50	Capital Receipts £50k
Clarborough Flood Alleviation Scheme	500	Capital Receipts £180k; Environment Agency £320k
Play Areas Upgrades	30	Capital Receipts £30k
Planned Maintenance & Capital Upgrades	100	Capital Receipts £100k
2019/20:		
Disabled Facilities Grant	700	Better Care Fund £530k; DFG Capital Receipts £170k
Vehicles & Plant – Replacement	684	Borrowing £684k
Retford Beck Flood Alleviation Scheme	1,100	Capital Receipts £250k; Environment Agency £850k
Flood Alleviation Small Schemes	50	Capital Receipts £50k
Planned Maintenance & Capital Upgrades	100	Capital Receipts £100k
2020/21:		
Disabled Facilities Grant	700	Better Care Fund £530k; DFG Capital Receipts £170k
Vehicles & Plant – Replacement	607	Borrowing £607k
Flood Alleviation Small Schemes	50	Capital Receipts £50k
Play Areas Upgrades	30	Capital Receipts £30k
Planned Maintenance & Capital Upgrades	100	Capital Receipts £100k
TOTAL	**£7,968**	

Schemes Re-profiled from 2016/17

4.2 As part of the quarters 1, 2 and 3 Budget Monitoring reports to Cabinet, a number of 2016/17 schemes have been re-profiled into 2017/18. These are:

	Total Cost	Funded by:

	£'000	
2017/18:		
Vehicles & Plant – Replacement	254	Borrowing £254k
Disabled Facilities Grant	741	DFG Capital Receipts £741k
Memorial Library	210	Capital Receipts £200k; Borrowing £10k
Worksop Creative Village Phase 2	455	Section 106 £380k; NCC £75k
Planned Maintenance & Capital Upgrades	-50	Capital Receipts (£50k)
Affordable Housing Scheme	440	Section 106 £440k
TOTAL	**£2,050**	

Adjustments to Schemes Already Approved – Disabled Facilities Grant

4.3 The payment of disabled facilities grants is a mandatory requirement on the Council. This has previously been funded partly from the Councils capital resources and partly by Government Grant in the form of the Disabled Facilities Grant. Since 2016/17 the Disabled Facilities Grant has been amalgamated with the Better Care Fund, and distributed via Nottinghamshire County Council. As expenditure in Bassetlaw has always exceeded the grant received we have had to use our own capital resources towards the capital expenditure. This has now been recognised and led to an increase in the Better Care Fund allocation. Based on this allocation the required changes are detailed in the table below. If the Better Care Fund allocation is greater than the expected expenditure on Disabled Facilities than individual projects can be identified in year that meet the criteria for using the fund, these projects are approved by a steering committee.

	Total Cost £'000	**Funded by:**
2017/18:		
Disabled Facilities Grant	(700)	DFG Capital Receipts (£911k); Better Care Fund £211k
2018/19:		
Disabled Facilities Grant	0	DFG Capital Receipts (£170k); Better Care Fund £170k
2019/20:		
Disabled Facilities Grant	0	DFG Capital Receipts (£170k); Better Care Fund £170k
2020/21:		
Disabled Facilities Grant	0	DFG Capital Receipts (£170k); Better Care Fund £170k
2021/22:		
Disabled Facilities Grant	700	DFG Capital Receipts (£0k); Better Care Fund £700k
TOTAL	**£0**	

5. <u>Capital Funding of New Schemes</u>

New Homes Bonus

5.1 At its meeting of 1st December 2015, Cabinet approved a New Homes Bonus Strategy which effectively outlined an amount of New Homes Bonus received in each financial year that would be utilised for mainstream funding, with the remainder being allocated to fund future capital projects. For 2017/18 the Council has received a New Homes Bonus allocation of £1.633m, of which £0.500m will be used for mainstream funding. The remaining £1.133m is therefore be used to fund the capital programme.

5.2 In accordance with this Strategy, a number of schemes have been identified where New Homes Bonus money can be used to make ongoing savings in the General Fund revenue account. These are:

	Total Cost £'000	**Rationale:**
2017/18:		
Planned Maintenance & Capital Upgrades	50	Cheaper than reactive maintenance which falls on revenue
2021/22:		
Flood Alleviation – Small Schemes	50	Continuation of prevention measures
Planned Maintenance & Capital Upgrades	100	Cheaper than reactive maintenance which falls on revenue
Capital Bid process for remaining New Homes Bonus monies	933	Bids to follow Capital Prioritisation Process, 'Invest to Save projects' will be considered more positively
TOTAL	**£1,133**	

Capital Receipts

5.3 The Council reported a deficit figure of (£0.213m) as unallocated capital receipts within the Quarter 2 Budget Monitoring Report to Cabinet in October.

5.4 The Council has since then received General Fund Capital Receipts from an auction sale of Old Brewery Yard £0.357m (net of disposal costs) and other smaller disposals amounting to £0.138m, this leaves a running balance of £0.282m with a further reduction of £0.104m for the one new scheme for the 2017/18 Capital Programme identified in the paragraph below and an additional £0.141m identified in the Q3 Capital Monitoring Report for the Queens Building New Lifts Scheme and new MOT brake tester in the 2016/17 Capital Programme. Assuming all the News Homes Bonus available for capital bids is allocated this will leave a balance of £0.037m of unallocated General Fund receipts that can be made available to fund future capital projects. In conforming to the ethos of prudence and affordability, this report excludes any capital receipts where agreement has not been reached between the purchaser and the Council.

5.5 Community Sports Hub £0.104m – Bassetlaw's contribution towards creating a community sports development centre in the district.

External Grants

5.6 Any capital schemes that are subject to funding by external parties e.g. ERDF are subject to a detailed bidding process against projects submitted by other organisations. If successful, these can provide additional funding for the capital programme, and any bids for new schemes will be assessed accordingly.

5.7 A separate report from the Director of Regeneration and Neighbourhoods to the July 2016 Cabinet provided details of the latest position with regard to Section 106 agreements. It identified that the Council holds £0.681m of Section 106 capital contributions that, subject to the conditions attached, can be utilised to fund capital projects going forward.

Prudential Borrowing

5.8 In keeping to the Council's Capital Investment Strategy, unsupported borrowing is minimised to prevent any destabilisation of the General Fund from the interest and Minimum Revenue Provision (MRP) that results from borrowing. Leasing is also tightly controlled within the revenue budgets for the same reason, and is rarely used.

5.9 Some of the capital bids are traditional in that the approach to replacing assets e.g. vehicles and plant, is a well-established pattern, and these are funded from borrowing. The reason for this is that they used to be funded via leasing, but given the low interest rates over the last few years, the costs of borrowing are a much cheaper option.

5.10 An amount of £0.454m has been added to the capital programme during 2021/22 for vehicle and plant replacements.

6. Capital Prioritisation Process

6.1 The Capital Project Assessment Team considers all bids for new capital projects, and allocates scores in accordance with the Capital Prioritisation Process (details of which are provided within the *Capital Investment Strategy 2017/18 to 2021/22* on this agenda).

6.2 The process is designed to demonstrate a level of objectivity in the selection of projects. It is numerically based, and allocates points to projects dependant upon the categories into which they fall. The aim is to demonstrate how the Council selects projects that will achieve its overall objectives and is not biased towards particular service interests.

7. Summary of Capital Programme 2017-2022

Below is a table to summarise the total value of the General Fund Capital Programme 2017-2022 by the already approved schemes and any adjustments. For more detail, please see the Appendix A.

	Total Cost £'000	
Schemes Already Approved as Part of the 2016/17 Budget Setting Process	7,968	See Section 4.1
Schemes Re-profiled from 2016/17	2,050	See Section 4.2
New schemes funded from New Homes Bonus	200	See Section 5.2
New Scheme, Community Sports Hub	104	See Section 5.5
New Scheme, Vehicle and plant replacements in 2021/22	454	See Section 5.10
Total General Fund Capital Programme 2017-2022	**£10,776**	

8. Implications

a) For Service Users.

Bassetlaw's capital investment in the district is an important factor for residents, but potential schemes and projects outweigh the resources available to the Council. Decisions on what schemes to fund are therefore important.

b) Strategic & Policy

The Capital Programme has been developed with regard to the Corporate Plan. In particular, it supports the delivery of the Council's priorities through the Medium Term Financial Plan.

c) Financial - Ref: 17/853

These are included within the main body of the report. Additionally, the revenue consequences of all schemes have been assessed and included within the General Fund revenue base budget.

d) Legal – Ref: 724/02/17

None arising directly from this report, although this will assist in meeting the Council's corporate objectives.

e) Human Resources

None arising directly from this report.

f) Community Safety, Equalities, Environmental

Some of the capital schemes have positive implications on community safety, equalities and environmental issues, and these have been considered at the project appraisal stage, prior to any recommendations on the capital programme.

g) This is Key Decision number 610

9. Options, Risks and Reasons for Recommendations

9.1 Members can decide what schemes to include or exclude. Any schemes which include external finance will have implications for those organisations.

10. Conclusions

10.1 It is imperative that capital schemes are seen to be delivered on time and to budget. Resources are scarce and therefore capital expenditure is approved for three specific reasons:

- there is a demonstrable need for the project;
- it meets the strategic objectives of the Council;
- the benefits are clearly measurable.

It is therefore important that expectations from Members and the public are realistic when approving timescales, and determining the project outcomes is key to the successful delivery of projects.

10.2 This report leaves an unallocated balance of General Fund capital receipts of only £0.037m to consider other schemes as they emerge during the coming financial year. This will, of course, be added to as further General Fund capital receipts are generated.

10.3 Members have carefully balanced their competing priorities in their approach to this investment plan and have sought to take stock of our assets. This year the continued investment in planned maintenance of its corporate buildings, play areas and flood alleviation schemes will give benefit to future years budgets.

10.4 Council resources in terms of both money and officer time are shrinking, and it is important that appropriate time is allocated to project planning before the commencement of a project.

11. Recommendations

11.1 That Cabinet approves the Capital Programme for 2017/18 of **£3.207m** as shown at Appendix A, and recommends these to full Council on 7th March 2017.

11.2 That Cabinet approves the indicative Capital Programme for 2018/19 to 2021/22 of **£7.569m** also set out in Appendix A, and recommends these to full Council on 7th March 2017.

Background Papers	**Location**
Capital Bids & Resourcing Statements	Head of Finance & Property's office

GENERAL FUND CAPITAL PROGRAMME 2016-2021

	2017/18		2018/19		2019/20		2020/21		2021/22		Total		
	BDC £'000	Ext £'000	BDC £'000	Ext £'000	BDC £'000	Ext £'000	BDC £'000	Ext £'000	BDC £'000	Ext £'000	BDC £'000	Ext £'000	Total £'000
Disabled Facilities Grant		741		700		700		700		700	0	3,541	3,541
Vehicles & Plant - Replacement		1,069		764		684		607		454	0	3,578	3,578
Retford Beck Flood Alleviation Scheme					250	850					250	850	1,100
Flood Alleviation - Small Schemes	50		50		50		50		50		250	0	250
Clarborough Flood Alleviation Scheme			180	320							180	320	500
ICT Storage & Server Infrastructure	28										28	0	28
Market Canopy Renewals	10										10	0	10
Worksop Creative Village Phase 2		455									0	455	455
Play Areas Upgrade			30				30				60	0	60
Planned Maintenance & Capital Upgrades	100		100		100		100		100		500	0	500
Memorial Library	200	10									200	10	210
Affordable Housing Scheme		440									0	440	440
Bassetlaw Sports Hub	104										104	0	104
	492	2,715	360	1,784	400	2,234	180	1,307	150	1,154	1,582	9,194	10,776

FUNDED FROM:	2017/18		2018/19		2019/20		2020/21		2021/22		Total		
	BDC £'000	Ext £'000	BDC £'000	Ext £'000	BDC £'000	Ext £'000	BDC £'000	Ext £'000	BDC £'000	Ext £'000	BDC £'000	Ext £'000	Total £'000
Capital Receipts	492		360		400		180		150		1,582	0	1,582
Borrowing		1,079		764		684		607		454	0	3,588	3,588
Better Care Fund		741		700		700		700		700	0	3,541	3,541
Environment Agency				320		850					0	1,170	1,170
Section 106		820									0	820	820
Nottinghamshire County Council		75									0	75	75
	492	2,715	360	1,784	400	2,234	180	1,307	150	1,154	1,582	9,194	10,776

CAPITAL RECEIPTS	2017/18	2018/19	2019/20	2020/21	2021/22
Brought Forward 1st April	1,419	1,127	767	367	187
New Homes Bonus	1,133				
Available for Capital Bids	-933				
Used for Funding	-492	-360	-400	-180	-150
Carried Forward 31st March	1,127	767	367	187	37

Agenda Item No.

BASSETLAW DISTRICT COUNCIL

CABINET

9TH FEBRUARY 2017

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

TREASURY MANAGEMENT POLICY AND STRATEGY 2017/18 TO 2019/20

Cabinet Member: Finance
Contact: Dave Hill
Ext. 3174

1. Public Interest Test

1.1 The author of this report, Dave Hill, has determined that the report is not confidential.

2. Purpose of the Report

2.1 This report seeks approval for the Treasury Management Strategy, which incorporates the Borrowing Strategy, Investment Strategy, Minimum Revenue Provision Policy, and Prudential Indicators, updated in accordance with latest guidance.

3. Background and Discussion

3.1 Treasury Management is defined as "The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

3.2 The Treasury Management Policy was initially approved by Council on 3rd March 2009 and became effective on 1st April 2009. This is reviewed each year.

3.3 Statutory Requirements:

- It is a statutory requirement under Section 33 of the Local Government Finance Act 1992 for the Council to produce a balanced budget. In particular, Section 32 requires a local authority to calculate its budget requirement for each financial year to include the revenue costs that flow from capital financing decisions. This, therefore, means that increases in capital expenditure must be limited to a level that is affordable for the foreseeable future, after taking into account the following issues:
    - Increases in interest payments caused by increased borrowing to finance additional capital expenditure.

- Any increases in running costs from new capital projects.

- The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the *CIPFA Prudential Code* and the *CIPFA Treasury Management Code of Practice* (original version) to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

- The Act therefore requires the Council to set out its Treasury Strategy for Borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance subsequent to the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

3.4 CIPFA Requirements:

The primary requirements of the Code are as follows:

- The creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities – as approved by full Council on 3rd March 2009;
- The creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives – as approved by full Council on 3rd March 2009;
- Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year;
- Delegation by the Council of responsibilities for implementing and monitoring Treasury Management Policies and Practices and for the execution and administration of treasury management decisions;
- Delegation by the Council of the role of scrutiny of Treasury Management Strategy and Policies to a specific named body. For this Council the delegated body is the Audit and Risk Scrutiny Committee.

3.5 This report seeks approval for the updated Treasury Management Strategy 2017/18 to 2019/20 (Appendix 1), which encompasses the Capital Prudential Indicators, the Borrowing Strategy, and the Annual Investment Strategy, in accordance with latest guidance as follows:

- The Treasury Management Strategy determines the manner in which the Council's treasury function is managed;
- The Prudential Indicators set out the expected capital activities during the financial year (as required by the *CIPFA Prudential Code for Capital Finance in Local Authorities*). The treasury management prudential indicators are now included as treasury indicators in the *CIPFA Treasury Management in Public Services Code of Practice*. The key indicator is the

Authorised Limit, i.e. the maximum amount of debt the Council could afford in the short term, but which would not be sustainable in the longer term. This is required by paragraph 3 of the *Local Government Act 2003*, and is calculated in accordance with the *CIPFA Treasury Management in Public Services Code of Practice* and the *CIPFA Prudential Code*.

- The Borrowing Strategy sets out how the Council's treasury service will support the capital decisions taken; the day to day treasury management activity; and the limitations on activity through treasury prudential indicators;
- The Annual Investment Strategy sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss. This strategy is in accordance with the DCLG Investment Guidance.

3.6 The report also seeks approval for the Council's Minimum Revenue Provision (MRP) Policy Statement (Appendix 2), which sets out how the Council will pay for capital assets through revenue each year (as required by Regulation under the Local Government and Public Involvement in Health Act 2007).

3.7 Further information is appended as follows:

Appendix 3. Interest rate forecasts.

Appendix 4. Economic background.

Appendix 5. Credit & Counterparty Risk Management (TMP1).

Appendix 6. Treasury management Scheme of Delegation.

Appendix 7. The treasury management role of the Section 151 Officer.

4. <u>Implications</u>

a) For service users

There is an impact on available resources depending upon the Council's ability to fund future borrowing.

b) Strategic & Policy

The Treasury Management Strategy, MRP Policy Statement and Annual Investment Strategy ensure that the Council complies with legislation and recommended good practice in relation to its treasury management function.

c) Financial - Ref: 17/773

These are contained within the body of the report and the associated appendices.

d) Legal Ref: 714/02/17

Part 2 of the Local Government Act 2003 places duties on local authorities with regard to financial management. This report fulfils those duties.

e) Human Resources

None from this report.

f) Community Safety, Equalities, Environmental

The updated Treasury Management Policy has been subject to a partial equalities impact assessment.

g) This is key decision number 611.

5. Options, Risks and Reasons for Recommendations

5.1 The only option is to accept the recommendations and adopt the Treasury Management Strategy, Borrowing Strategy, Annual Investment Strategy and MRP Statement and to approve the Prudential Indicators. Not to approve these policies would contravene the requirements of both legislation and good practice. In addition, the KPMG External Auditors may pass comment in their *Report to those charged with governance (ISA260)*.

6. Recommendations

That Cabinet approves each of the following key elements and recommends these to Full Council on 7th March 2017:

6.1 The Treasury Management Strategy 2017/18 to 2019/20, incorporating the Borrowing Strategy and the Annual Investment Strategy (Appendix 1).

6.2 The Prudential Indicators and Limits for 2017/18 to 2019/20, contained within Appendix 2.

6.3 The Authorised Limit Prudential Indicator contained within Appendix 2.

6.4 The Minimum Revenue Provision (MRP) Policy Statement as contained within Appendix 2, which sets out the Council's policy on MRP.

Background Papers	**Location**
CIPFA Treasury Management Code of Practice	Finance – Floor 2
CIPFA Prudential Code	
Local Government Act 2003	
CIPFA's Standard of Professional Practice on Treasury Management	

APPENDIX 1

1. <u>INTRODUCTION</u>

1.1 Background

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

> *"The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."*

1.2 Reporting requirements

The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (this report) - The first and most important report covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid-year treasury management report – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, this Council will receive quarterly update reports.

An annual treasury report – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny
The above reports are required to be adequately scrutinised before being recommended to the Council. The Audit and Risk Scrutiny Committee undertake this role.

1.3 Treasury Management Strategy for 2017/18

The strategy for 2017/18 covers two main areas:

Capital issues

- the capital plans and the prudential indicators;
- the minimum revenue provision (MRP) policy.

Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, CLG MRP Guidance, the CIPFA Treasury Management Code and CLG Investment Guidance.

1.4 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to Members responsible for scrutiny. Members have undertaken the following training:

Richard Dunlop from Capita, who are the Councils Treasury Advisors, attended the Audit and Risk Scrutiny Committee in November 2016, and further training will be arranged as required.

The training needs of treasury management officers are reviewed periodically.

1.5 Treasury management consultants

The Council uses “Capita Asset Services, Treasury solutions” as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2. THE CAPITAL PRUDENTIAL INDICATORS 2017/18 – 2019/20

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

2.1 Capital expenditure

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts:

Capital expenditure	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
General Fund (GF)	2,510	5,768	3,207	2,144	2,634
Housing Revenue Account (HRA)	11,337	12,857	11,185	13,287	10,000
Total	**13,847**	**18,625**	**14,392**	**15,431**	**12,634**

The above financing need excludes other long term liabilities, i.e. leasing arrangements of the Council's current vehicle fleet, which already include borrowing instruments.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Financing of capital expenditure	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
General Fund Expenditure	**2,510**	**5,768**	**3,207**	**2,144**	**2,634**
Financed by:					
Capital Receipts	1,107	1,935	492	360	400
Capital Grants	940	2,355	1,636	1,020	1,550
Revenue	40	11	0	0	0
General Fund Net Financing need for the year	**423**	**1,437**	**1,079**	**764**	**684**
HRA Expenditure					
Financed by:	**11,337**	**12,857**	**11,185**	**13,287**	**10,000**
Capital Receipts	1,951	1,938	785	585	385
Capital Grants	979	864	711	3,878	0
Major Repair Reserve	8,407	9,055	3,039	8,324	5,115
New Build Reserve	0	0	1,650	300	0
HRA Net Financing need for the year	**0**	**1,000**	**5,000**	**200**	**4,500**
Total Net Financing need for the year	**423**	**2,437**	**6,079**	**964**	**5,184**

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the borrowing need in line with each assets life.

The CFR includes any other long term liabilities (e.g. PFI schemes, finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility and so the Council is not required to separately borrow for these schemes. The Council currently has no such schemes within the CFR.

The Council is asked to approve the CFR projections below:

	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Capital Financing Requirement					
CFR – non housing	25,519	26,365	26,782	26,839	26,789
CFR – housing	95,143	96,091	95,448	95,596	96,770
Total CFR	**120,662**	**122,456**	**122,230**	**122,435**	**123,559**
Movement in CFR	**-1,287**	**1,794**	**-226**	**205**	**1,124**
Movement in CFR represented by					
Net financing need for the year (above)	423	2,437	6,079	964	5,184
Less MRP/VRP and other financing movements	-1,710	-643	-6,305	-759	-4,060
Movement in CFR	**-1,287**	**1,794**	**-226**	**205**	**1,124**

2.3 Core funds and expected investment balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day to day cash flow balances.

Year End Resources	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Reserves – GF	1,630	1,661	1,661	1,661	1,661
Reserves – HRA	1,618	1,552	1,351	1,370	1,361
Capital Receipts – GF	1,384	1,419	1,127	767	367
Capital Receipts – HRA	797	2,041	1,130	960	790
Provisions	4,252	4,140	4,040	4,040	4,040
General Fund Earmarked Reserves	4,170	3,097	3,144	3,284	4,127
Major Repair Reserve	3,058	2,332	322	322	322
Total core funds	**16,909**	**16,242**	**12,775**	**12,404**	**12,668**
Working capital	1,630	1,500	1,500	1,500	1,500
Under/over borrowing	11,299	13,093	14,367	14,572	15,196
Expected investments	10,127	10,603	9,342	6,503	2,043
Temporary Borrowing	-6,147	-8,954	-12,434	-10,171	-6,071

3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The Council's treasury portfolio position at 31 March 2016, with forward projections is summarised below. The table shows the actual external debt (the treasury management operations), against the underlying capital borrowing need (the Capital Financing Requirement - CFR), highlighting any over or under borrowing.

	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
External Debt					
Debt at 1 April	109,363	109,363	109,363	107,863	107,863
Expected change in Debt	0	0	-1,500	0	500
Other long-term liabilities (OLTL)	0	0	0	0	0
Expected change in OLTL	0	0	0	0	0
Actual gross debt at 31 March	**109,363**	**109,363**	**107,863**	**107,863**	**108,363**
The Capital Financing Requirement	**120,662**	**122,456**	**122,230**	**122,435**	**123,559**
Under / (over) borrowing	**11,299**	**13,093**	**14,367**	**14,572**	**15,196**

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2017/18 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Head of Finance and Property reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

3.2 Treasury Indicators: limits to borrowing activity

The operational boundary. This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt.

Operational boundary	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Debt	127,456	127,230	127,435	128,559
Other long term liabilities	0	0	0	0
Total	**127,456**	**127,230**	**127,435**	**128,559**

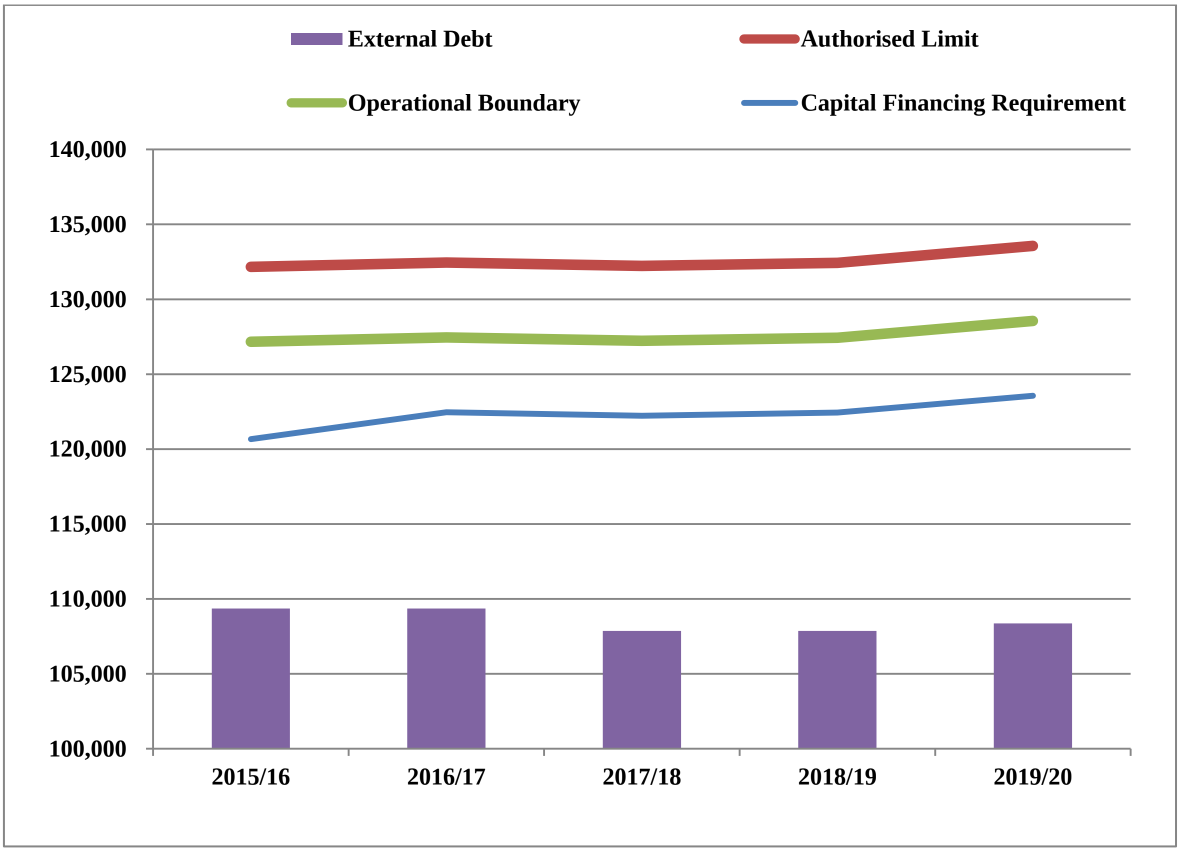
The authorised limit for external debt. A further key prudential indicator represents a control on the maximum level of borrowing. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by the full Council. It reflects the level of external debt which, while not desired, could be afforded in the short term, but is not sustainable in the longer term.

1. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' plans, or those of a specific council, although this power has not yet been exercised.
2. The Council is asked to approve the following authorised limit:

Authorised limit	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
Debt	132,456	132,230	132,435	133,559
Other long term liabilities	0	0	0	0
Total	**132,456**	**132,230**	**132,435**	**133,559**

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime. This limit is currently:

HRA Debt Limit	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
HRA debt cap	105,436	105,436	105,436	105,436
HRA CFR	96,091	95,448	95,596	96,770
HRA headroom	9,345	9,988	9,840	8,666



3.3 Prospects for interest rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut Bank Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half 2016 than that forecast; also, inflation forecasts have risen substantially as a result of a continuation of the sharp fall in the value of sterling since early August. Consequently, Bank Rate was not cut again in November or December and, on current trends, it now appears unlikely that there will be another cut, although that cannot be completely ruled out if there was a significant dip downwards in economic growth. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate), which will already be adversely impacted by the uncertainties of what form Brexit will eventually take. Accordingly, a first increase to 0.50% is not tentatively pencilled in, as in the table above, until quarter 2 2019, after those negotiations have been concluded, (though the period for negotiations could be extended). However, if strong domestically generated inflation, (e.g. from wage increases within the UK), were to emerge, then the pace and timing of increases in Bank Rate could be brought forward.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently. It has long been expected that at some point, there would be a start to a switch back from bonds to equities after a historic long term trend over about the last twenty-five years of falling bond yields. The action of central banks since the financial crash of 2008, in implementing substantial quantitative easing purchases of bonds, added further impetus to this downward trend in bond yields and rising prices of bonds. The opposite side of this coin has been a rise in equity values as investors searched for higher returns and took on riskier assets. The sharp rise in bond yields since the US Presidential election, has called into question whether, or when, this trend has, or may, reverse, especially when America is likely to lead the way in reversing monetary policy. Until 2015, monetary policy was focused on providing stimulus to economic growth but has since started to refocus on countering the threat of rising inflationary pressures as strong economic growth becomes more firmly established. The expected substantial rise in the Federal rate over the next few years may make holding US bonds much less attractive and cause their prices to fall, and therefore bond yields to rise. Rising bond yields in the US would be likely to exert some upward pressure on bond yields in other developed countries. The degree of that upward pressure is likely to be dampened by how strong, or weak, the prospects for economic growth and rising inflation are in each country, and on the degree of progress in the reversal of monetary policy away from quantitative easing and other credit stimulus measures.

PWLB rates and gilt yields have been experiencing exceptional levels of volatility that have been highly correlated to geo-political, sovereign debt crisis and emerging market developments. It is likely that these exceptional levels of volatility could continue to occur for the foreseeable future.

The overall balance of risks to economic recovery in the UK is to the downside, particularly in view of the current uncertainty over the final terms of Brexit and the timetable for its implementation.

Apart from the above uncertainties, downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- Monetary policy action by the central banks of major economies reaching its limit of effectiveness and failing to stimulate significant sustainable growth, combat the threat of deflation and reduce high levels of debt in some countries, combined with a lack of adequate action from national governments to promote growth through structural reforms, fiscal policy and investment expenditure.

- Major national polls:
    - Italian constitutional referendum 4.12.16 resulted in a ‘No’ vote which led to the resignation of Prime Minister Renzi. This means that Italy needs to appoint a new government.

    - Spain has a minority government with only 137 seats out of 350 after already having had two inconclusive general elections in 2015 and 2016. This is potentially highly unstable.
    - Dutch general election 15.3.17;
    - French presidential election April/May 2017;
    - French National Assembly election June 2017;
    - German Federal election August – October 2017.
- A resurgence of the Eurozone sovereign debt crisis, with Greece being a particular problem, and stress arising from disagreement between EU countries on free movement of people and how to handle a huge influx of immigrants and terrorist threats
- Weak capitalisation of some European banks, especially Italian.
- Geopolitical risks in Europe, the Middle East and Asia, causing a significant increase in safe haven flows.
- UK economic growth and increases in inflation are weaker than we currently anticipate.
- Weak growth or recession in the UK's main trading partners - the EU and US.

The potential for **upside risks to current forecasts** for UK gilt yields and PWLB rates, especially for longer term PWLB rates, include: -

- UK inflation rising to significantly higher levels than in the wider EU and in the US, causing an increase in the inflation premium in gilt yields.
- A rise in US Treasury yields as a result of Fed. funds rate increases and rising inflation expectations in the USA, dragging UK gilt yields upwards.
- The pace and timing of increases in the Fed. funds rate causing a fundamental reassessment by investors of the relative risks of holding bonds as opposed to equities and leading to a major flight from bonds to equities.
- A downward revision to the UK's sovereign credit rating undermining investor confidence in holding sovereign debt (gilts).

Investment and borrowing rates

- Investment returns are likely to remain low during 2017/18 and beyond;
- Borrowing interest rates have been on a generally downward trend during most of 2016 up to mid-August; they fell sharply to historically phenomenally low levels after the referendum and then even further after the MPC meeting of 4th August when a new package of quantitative easing purchasing of gilts was announced. Gilt yields have since risen sharply due to a rise in concerns around a 'hard Brexit', the fall in the value of sterling, and an increase in inflation expectations. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times when authorities will not be able to avoid new borrowing to finance capital expenditure and/or to refinance maturing debt;
- There will remain a cost of carry to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue loss – the difference between borrowing costs and investment returns.

3.4 Borrowing strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is still an issue that needs to be considered.

Against this background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Head of Finance will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.

- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast,* perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

Any decisions will be reported to the Cabinet, Scrutiny and Full Council at the next available opportunity.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Borrowing in advance will be made within the constraints that:

- The authority would not look to borrow more than 1 year in advance of need.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.6 Debt rescheduling

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to the Cabinet and Scrutiny as part of the Quarterly Budget Monitoring Report.

3.7 Municipal Bond Agency

It is likely that the Municipal Bond Agency, currently in the process of being set up, will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority intends to make use of this new source of borrowing as and when appropriate.

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities will be security first, liquidity second, then return.

In accordance with the above guidance from the CLG and CIPFA, and in order to minimise the risk to investments, the Council applies minimum acceptable credit criteria in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings.

Ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To this end the Council will engage with its advisors to maintain a monitor on market pricing such as "credit default swaps" and overlay that information on top of the credit ratings.

Other information sources used will include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

Investment instruments identified for use in the financial year are listed in appendix 5.3 under the 'specified' and 'non-specified' investments categories. Counterparty limits will be as set through the Council's treasury management practices – schedules.

4.2 Creditworthiness policy

The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle, the Council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
- It has sufficient liquidity in its investments. For this purpose, it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either specified or non-specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

Credit rating information is supplied by Capita Asset Services, our treasury consultants, on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating Watches (notification of a likely change), rating Outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating Watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.

The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:

- Banks 1 - high and medium credit quality **–** the Council will only use banks which:
    i. are UK banks; and/or
    ii. are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AA-

  and will set a limit on the institutions depending which of the Councils quality criteria they fall into, they will have to have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):

	Short Term	Long Term
Higher Quality	F1+	A+
Medium Quality	F1	A

- Banks 2 – Part nationalised UK bank – Royal Bank of Scotland. This bank can be included provided it continues to be part nationalised or it meets the ratings in Banks 1 above.
- Banks 3 – The Council's own banker (Barclays) for transactional purposes if the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time invested.
- Bank subsidiary and treasury operation -. The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building societies - The Council will *use* all societies which:
    i. Meet the ratings for banks outlined above; or
    ii. Have assets in excess of £5,000 million;
- Money market funds (MMFs) – AAA (Moody's or Fitch)
- UK Government (including gilts and the Debt Management Account Deposit Facility DMADF)
- Local authorities, parish councils etc
- Supranational institutions
- Local Authority Mortgage Scheme (LAMS), Local Authority Partnership Purchase Scheme (LAPP) and Custom Build and Self Build Scheme (CSB). Under the (LAMS) scheme the Council has placed funds of £1m (£0.5m BDC & £0.5m NCC), with Lloyds for a period of 5 years. This is classified as being a service investment, rather than a treasury management investment, and are therefore outside of the specified / non specified categories.

A limit of 20% will be applied to the use of non-specified investments

Use of additional information other than credit ratings. Additional requirements under the Code require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating Watches/Outlooks) will be applied to compare the relative security of differing investment counterparties.

Time and monetary limits applying to investments. The time and monetary limits for institutions on the Council's counterparty list are as follows (these will cover both specified and non-specified investments):

	Fitch Long term Rating (or equivalent) / Fund Rating	Money and/or % Limit	Time Limit
Banks 1 higher quality	***F1+/A+***	**£2m**	**1 year**
Banks 1 medium quality	***F1/A***	**£1m**	**6 months**
Banks 2 – part nationalised	**N/A**	**£1m**	**6 months**
Limit 3 category – Council's banker (not meeting Banks 1)	**-**	**£1m**	**1 day**
Other institutions limit	**-**	**£1m**	**6 months**
DMADF	**UK sovereign rating**	**unlimited**	**1 year**
Local authorities	**N/A**	**£3m**	**1 year**
Money market funds	**AAA**	**£4m**	**liquid**

The proposed criteria for specified and non-specified investments are shown in Appendix 5.4 for approval.

4.3 Country and sector limits

Due care will be taken to consider the country, group and sector exposure of the Council's investments.

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of *AA*- (excluding UK) from Fitch (or equivalent). This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.4 Investment strategy

In-house funds. Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Investment returns expectations. Bank Rate is forecast to be cut from 0.25% to 0.10% in quarter 4 2016 and not to rise back to 0.25% until quarter 2 2018. Bank Rate forecasts for financial year ends (March) are:

- 2016/17 0.25%

- 2017/18 0.25%
- 2018/19 0.25%
- 2019/20 0.50%

The suggested budgeted investment earnings rates for returns on investments placed for periods up to 100 days during each financial year are as follows:

2017/18 0.25%
2018/19 0.25%
2019/20 0.50%
2020/21 0.75%
2021/22 1.00%
2022/23 1.50%
2023/24 1.75%
Later years 2.75%

The overall balance of risks to these forecasts is currently to the downside (i.e. start of increases in Bank Rate occurs later). However, should the pace of growth quicken and / or forecasts for increases in inflation rise, there could be an upside risk.

Investment treasury indicator and limit - total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

Maximum principal sums invested > 364 days			
£m	**2017/18**	**2018/19**	**2019/20**
Principal sums invested > 364 days	£0m	£0m	£0m

For its cash flow generated balances, the Council will seek to utilise money market funds and short-dated deposits (overnight to 3 months) in order to benefit from the compounding of interest.

4.5 Investment risk benchmarking

These benchmarks are simple guides to maximum risk, so they may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported, with supporting reasons in the mid-year or Annual Report.
Security - The Council's maximum security risk benchmark for the current portfolio, when compared to these historic default tables, is:

- **0.06% historic risk of default when compared to the whole portfolio.**

Liquidity – in respect of this area the Council seeks to maintain:

- Bank overdraft - £0.100m
- Liquid short term deposits of at least £1m available with a week's notice.

- Weighted average life benchmark is expected to be 1 years, with a maximum of 1 years.

Yield - local measures of yield benchmarks are:

- Investments – internal returns above the 7 day LIBID rate

And in addition that the security benchmark for each individual year is:

	1 year	2 years	3 years	4 years	5 years
Maximum	**0.10%**	**0.10%**	**0.10%**	**0.10%**	**0.10%**

Note: This benchmark is an average risk of default measure, and would not constitute an expectation of loss against a particular investment.

4.6 End of year investment report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

APPENDIX 2

THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2017/18 – 2019/20 AND MINIMUM REVENUE PROVISION STATEMENT

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

CLG regulations have been issued which require the full Council to approve **an MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be:

- **Existing practice** - MRP will follow the existing practice outlined in former CLG regulations (option 1); *or*

These options provide for an approximate 4% reduction in the borrowing need (CFR) each year. If the Council deems it more prudent then MRP will be charged on a 2% straight line basis, net of 'Adjustment A'. This ensures that the debt will be repaid within 50 years.

From 1 April 2008 for all unsupported borrowing (including PFI and finance leases) the MRP policy will be either:

- **Asset life method** – MRP will be based on the estimated life of the assets, in accordance with the regulations (this option must be applied for any expenditure capitalised under a Capitalisation Direction) (option 3);
- **Depreciation method** – MRP will follow standard depreciation accounting procedures (option 4);

These options provide for a reduction in the borrowing need over approximately the asset's life.

There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made (although there are transitional arrangements in place).

Repayments included in annual PFI or finance leases are applied as MRP.

The Council has participated in a LAMS using the cash backed option, the mortgage lenders require a 5 year cash advance from the local authority to match the 5 year life of the indemnity. The cash advance placed with the mortgage lender provides an integral part of the mortgage lending, and should, therefore, be treated as capital expenditure and a loan to a third party. The Capital Financing Requirement (CFR) will increase by the amount of the total indemnity. The cash advance is due to be returned in full at maturity, with interest paid annually. Once the cash advance matures and funds are returned to the local authority, the returned funds are classed as a capital receipt, and the CFR will reduce accordingly. As this is a temporary (5 year) arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim period, so there is no MRP application. The position should be reviewed on an annual basis.

Affordability prudential indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

a. Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2015/16 Actual %	2016/17 Estimate %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
Non-HRA	14.61	8.82	7.41	8.44	9.43
HRA	33.13	33.14	35.01	36.00	37.53

The estimates of financing costs include current commitments and the proposals in this budget report.

b. Incremental impact of capital investment decisions on the band D council tax

	2015/16 Actual £	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
Council tax - band D	1.3	4.14	2.94	2.08	1.87

c. Estimates of the incremental impact of capital investment decisions on housing rent levels

Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

d. Incremental impact of capital investment decisions on housing rent levels

	2015/16 Actual £	2016/17 Estimate £	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
Weekly housing rent levels	1.13	6.92	30.10	1.62	27.05

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

e. HRA ratios

The following are optional indicators that are not required, but assist with further understanding of the impact of self-financing on the HRA.

HRA Revenue as a percentage of Debt

This indicator identifies the total revenues received from Council properties against the total debt from the HRA expressed as a percentage.

	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
HRA debt	94,643	94,643	94,051	94,051	95,000
HRA revenues	26,740	27,078	26,669	26,302	26,574
Ratio of debt to revenues %	28%	29%	28%	28%	28%

HRA Debt per property

This indicator identifies the total debt per property on the HRA per HRA dwelling. This is expressed as an amount per property.

	2015/16 Actual £'000	2016/17 Estimate £'000	2017/18 Estimate £'000	2018/19 Estimate £'000	2019/20 Estimate £'000
HRA debt £m	94,643	94,643	94,051	94,051	95,000
Number of HRA dwellings	6,840	6,800	6,775	6,750	6,725
Debt per dwelling £	13.84	13.92	13.88	13.93	14.13

5.1.4 Treasury indicators for debt

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs / improve performance. The indicators are:

- Upper limits on variable interest rate exposure. This identifies a maximum limit for variable interest rates based upon the debt position net of investments;
- Upper limits on fixed interest rate exposure. This is similar to the previous indicator and covers a maximum limit on fixed interest rates; and
- Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

£m	2017/18	2018/19	2019/20
Interest rate exposures			
	Upper	**Upper**	**Upper**
Limits on fixed interest rates: • ***Debt only*** • ***Investments only***	 100% 50%	 100% 50%	 100% 50%
Limits on variable interest rates • ***Debt only*** • ***Investments only***	 20% 100%	 20% 100%	 20% 100%
Maturity structure of fixed interest rate borrowing 2017/18			
		Lower	**Upper**
Under 12 months		0%	50%
12 months to 2 years		0%	50%
2 years to 5 years		0%	50%
5 years to 10 years		0%	50%
10 years to 50 years		0%	100%
Maturity structure of variable interest rate borrowing 2017/18			
		Lower	Upper
Under 12 months		0%	20%

APPENDIX 3

INTEREST RATE FORECASTS 2017 – 2020

Capita Asset Services Interest Rate View	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank Rate View	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
3 Month LIBID	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%
6 Month LIBID	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%
12 Month LIBID	0.70%	0.70%	0.70%	0.70%	0.70%	0.80%	0.80%	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%
5yr PWLB Rate	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB Rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB Rate	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB Rate	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
Bank Rate													
Capita Asset Services	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
Capital Economics	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.50%
5yr PWLB Rate													
Capita Asset Services	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
Capital Economics	1.60%	1.70%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%	2.50%	2.70%	2.80%	2.90%	3.00%
10yr PWLB Rate													
Capita Asset Services	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
Capital Economics	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.70%	2.80%	2.90%	3.10%	3.20%	3.30%	3.40%
25yr PWLB Rate													
Capita Asset Services	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
Capital Economics	2.95%	3.05%	3.05%	3.15%	3.25%	3.25%	3.35%	3.45%	3.55%	3.65%	3.75%	3.95%	4.05%
50yr PWLB Rate													
Capita Asset Services	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%
Capital Economics	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.40%	3.60%	3.70%	3.80%	3.90%

APPENDIX 4

ECONOMIC BACKGROUND

UK. **GDP growth rates** in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.

The **referendum vote for Brexit** in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.

The **Monetary Policy Committee, (MPC), meeting of 4th August** was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.

The **MPC meeting of 3 November** left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank. The MPC meeting of 15 December also left Bank Rate and other measures unchanged.

The latest MPC decision included a forward view that **Bank Rate** could go either up or down depending on how economic data evolves in the coming months. Our central view remains that Bank Rate will remain unchanged at 0.25% until the first increase to 0.50% in quarter 2 2019 (unchanged from our previous forecast). However, we would not, as yet, discount the risk of a cut in Bank Rate if economic growth were to take a significant dip downwards, though we think this is unlikely. We would also point out that forecasting as far ahead as mid 2019 is highly fraught as there are many potential economic headwinds which could blow the UK economy one way or the other as well as political developments in the UK, (especially over the terms of Brexit), EU, US and beyond, which could have a major impact on our forecasts.

The pace of Bank Rate increases in our forecasts has been slightly increased beyond the three year time horizon to reflect higher inflation expectations.

The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, **consumers** have very much stayed in a ‘business as usual’ mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in October surged at the strongest rate since September 2015 and were again strong in November. In addition, the GfK consumer confidence index recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result. However, in November it fell to -8 indicating a return to pessimism about future prospects among consumers, probably based mainly around concerns about rising inflation eroding purchasing power.

Bank of England GDP forecasts in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.

Capital Economics’ GDP forecasts are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.

The Chancellor has said he will do ‘whatever is needed’ i.e. to **promote growth**; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The Governor of the Bank of England, Mark Carney, had warned that a vote for Brexit would be likely to cause a slowing in growth, particularly from a reduction in business investment, due to the uncertainty of whether the UK would have continuing full access, (i.e. without tariffs), to the EU single market. He also warned that the Bank could not do all the heavy lifting to boost economic growth and suggested that the Government would need to help growth e.g. by increasing investment expenditure and by using fiscal policy tools. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November. This was duly confirmed in the Statement which also included some increases in infrastructure spending.

The other key factor in forecasts for Bank Rate is **inflation** where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of just under 3% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, although during November, sterling has recovered some of this fall to end up 15% down against the dollar, and 8% down against the euro (as at the MPC meeting date – 15.12.16).This depreciation will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.

What is clear is that **consumer disposable income** will come under pressure, as the latest employers’ survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure has been on an upward trend in 2016 and reached 1.2% in November. However, prices paid by factories for inputs rose to 13.2% though producer output prices were still lagging behind at 2.3% and core inflation was 1.4%, confirming the likely future upwards path.

Gilt yields, and consequently PWLB rates, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and hit a new peak on the way up again of 1.55% on 15 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.

Employment had been growing steadily during 2016 but encountered a first fall in over a year, of 6,000, over the three months to October.The latest employment data in December, (for November), was distinctly weak with an increase in unemployment benefits claimants of 2,400 in November and of 13,300 in October. **House prices** have been rising during 2016 at a modest pace but the pace of increase has slowed since the referendum; a downturn in prices could dampen consumer confidence and expenditure.

USA. The American economy had a patchy 2015 with sharp swings in the quarterly **growth rate** leaving the overall growth for the year at 2.4%. Quarter 1 of 2016 at +0.8%, (on an annualised basis), and quarter 2 at 1.4% left average growth for the first half at a weak 1.1%. However, quarter 3 at 3.2% signalled a rebound to strong growth. The Fed. embarked on its long anticipated first increase in rates at its December 2015 meeting. At that point, confidence was high that there would then be four more increases to come in 2016. Since then, more downbeat news on the international scene, and then the Brexit vote, have caused a delay in the timing of the second increase of 0.25% which came, as expected, in December 2016 to a range of 0.50% to 0.75%. Overall, despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis. The Fed. therefore also indicated that it expected three further increases of 0.25% in 2017 to deal with rising inflationary pressures.

The result of the **presidential election** in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity. In addition, the unemployment rate is at a low point verging on what is normally classified as being full employment. However, the US does have a substantial amount of hidden unemployment in terms of an unusually large, (for a developed economy), percentage of the working population not actively seeking employment.

Trump's election has had a profound effect on the **bond market and bond yields** rose sharply in the week after his election. Time will tell if this is a a reasonable assessment of his election promises to cut taxes at the same time as boosting expenditure. This could lead to a sharp rise in total debt issuance from the current level of around 72% of GDP towards 100% during his term in office. However, although the Republicans now have a monopoly of power for the first time since the 1920s, in having a President and a majority in both Congress and the Senate, there is by no means any certainty that the politicians and advisers he has been appointing to his team, and both houses, will implement the more extreme policies that Trump outlined during his election campaign. Indeed, Trump may even rein back on some of those policies himself.

In the first week since the US election, there was a a major shift in **investor sentiment** away from bonds to equities, especially in the US. However, gilt yields in the UK and bond yields in the EU have also been dragged higher. Some commentators are saying that this rise has been an overreaction to the US election result which could be reversed. Other commentators take the view that this could well be the start of the long expected eventual unwinding of bond prices propelled upwards to unrealistically high levels, (and conversely bond yields pushed down), by the artificial and temporary power of quantitative easing.

EZ. In the Eurozone, **the ECB** commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from low levels towards the target of 2%. Consequently, at its December meeting it extended its asset purchases programme by continuing purchases at the current monthly pace of €80 billion until the end of March 2017, but then continuing at a pace of €60 billion until the end of December 2017, or beyond, if necessary, and in any case until the Governing Council sees a sustained adjustment in the path of inflation consistent with its inflation aim. It also stated that if, in the meantime, the outlook were to become less favourable or if financial conditions became inconsistent with further progress towards a sustained adjustment of the path of inflation, the Governing Council intended to increase the programme in terms of size and/or duration.

EZ GDP growth in the first three quarters of 2016 has been 0.5%, +0.3% and +0.3%, (+1.7% y/y). Forward indications are that economic growth in the EU is likely to continue at moderate levels. This has added to comments from many forecasters that those central banks in countries around the world which are currently struggling to combat low growth, are running out of ammunition to stimulate growth and to boost inflation. Central banks have also been stressing that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.

There are also significant specific political and other risks within the EZ: -

- **Greece** continues to cause major stress in the EU due to its tardiness and reluctance in implementing key reforms required by the EU to make the country more efficient and to make significant progress towards the country being able to pay its way – and before the EU is prepared to agree to release further bail out funds.
- **Spain** has had two inconclusive general elections in 2015 and 2016, both of which failed to produce a workable government with a majority of the 350 seats. At the eleventh hour on 31 October, before it would have become compulsory to call a third general election, the party with the biggest bloc of seats (137), was given a majority confidence vote to form a government. This is potentially a highly unstable situation, particularly given the need to deal with an EU demand for implementation of a package of austerity cuts which will be highly unpopular.
- The under capitalisation of **Italian banks** poses a major risk. Some **German banks** are also undercapitalised, especially Deutsche Bank, which is under threat of major financial penalties from regulatory authorities that will further weaken its capitalisation. What is clear is that national governments are forbidden by EU rules from providing state aid

to bail out those banks that are at risk, while, at the same time, those banks are unable realistically to borrow additional capital in financial markets due to their vulnerable financial state. However, they are also 'too big, and too important to their national economies, to be allowed to fail'.

- **4 December Italian constitutional referendum** on reforming the Senate and reducing its powers; this was also a confidence vote on Prime Minister Renzi who has resigned on losing the referendum. However, there has been remarkably little fall out from this result which probably indicates that the financial markets had already fully priced it in. A rejection of these proposals is likely to inhibit significant progress in the near future to fundamental political and economic reform which is urgently needed to deal with Italy's core problems, especially low growth and a very high debt to GDP ratio of 135%. These reforms were also intended to give Italy more stable government as no western European country has had such a multiplicity of governments since the Second World War as Italy, due to the equal split of power between the two chambers of the Parliament which are both voted in by the Italian electorate but by using different voting systems. It is currently unclear what the political, and other, repercussions are from this result.
- **Dutch general election 15.3.17**; a far right party is currently polling neck and neck with the incumbent ruling party. In addition, anti-big business and anti-EU activists have already collected two thirds of the 300,000 signatures required to force a referendum to be taken on approving the EU – Canada free trade pact. This could delay the pact until a referendum in 2018 which would require unanimous approval by all EU governments before it can be finalised. In April 2016, Dutch voters rejected by 61.1% an EU – Ukraine cooperation pact under the same referendum law. Dutch activists are concerned by the lack of democracy in the institutions of the EU.
- **French presidential election;** first round 13 April; second round 7 May 2017.
- **French National Assembly election June 2017.**
- **German Federal election August – 22 October 2017.** This could be affected by significant shifts in voter intentions as a result of terrorist attacks, dealing with a huge influx of immigrants and a rise in anti EU sentiment.
- The core EU, (note, not just the Eurozone currency area), principle of **free movement of people** within the EU is a growing issue leading to major stress and tension between EU states, especially with the Visegrad bloc of former communist states.

Given the number and type of challenges the EU faces in the next eighteen months, there is an identifiable risk for the EU project to be called into fundamental question. The risk of an electoral revolt against the EU establishment has gained traction after the shock results of the UK referendum and the US Presidential election. But it remains to be seen whether any shift in sentiment will gain sufficient traction to produce any further shocks within the EU.

Asia. Economic growth in **China** has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending. However, the central bank has a track record of supporting growth through various monetary policy measures, though these further stimulate the growth of credit risks and so increase the existing major imbalances within the economy.

Economic growth in **Japan** is still patchy, at best, and skirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.

Emerging countries. There have been major concerns around the vulnerability of some emerging countries exposed to the downturn in demand for commodities from China or to competition from the increase in supply of American shale oil and gas reaching world markets. The ending of sanctions on Iran has also brought a further significant increase in oil supplies into the world markets. While these concerns have subsided during 2016, if interest rates in the USA do rise substantially over the next few years, (and this could also be accompanied by a rise in the value of the dollar in exchange markets), this could cause significant problems for those emerging countries with large amounts of debt denominated in dollars. The Bank of International Settlements has recently released a report that $340bn of emerging market corporate debt will fall due for repayment in the final two months of 2016 and in 2017 – a 40% increase on the figure for the last three years.

Financial markets could also be vulnerable to risks from those emerging countries with major sovereign wealth funds, that are highly exposed to the falls in commodity prices from the levels prevailing before 2015, especially oil, and which, therefore, may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years if the price of oil does not return to pre-2015 levels.

Brexit timetable and process

- March 2017: UK government notifies the European Council of its intention to leave under the Treaty on European Union Article 50
- March 2019: two-year negotiation period on the terms of exit. This period can be extended with the agreement of all members i.e. not that likely.
- UK continues as an EU member during this two-year period with access to the single market and tariff free trade between the EU and UK.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK may also exit without any such agreements.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On exit from the EU: the UK parliament would repeal the 1972 European Communities Act.
- The UK will then no longer participate in matters reserved for EU members, such as changes to the EU's budget, voting allocations and policies.
- It is possible that some sort of agreement could be reached for a transitional time period for actually implementing Brexit after March 2019 so as to help exporters to adjust in both the EU and in the UK.

APPENDIX 5

TREASURY MANAGEMENT PRACTICE (TMP1) – CREDIT AND COUNTERPARTY RISK MANAGEMENT

The CLG issued Investment Guidance in 2010, and this forms the structure of the Council's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for councils to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the guidance requires this Council to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 5 February 2002 and will apply its principles to all investment activity. In accordance with the Code, the Director of Finance has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

Annual investment strategy - The key requirements of both the Code and the investment guidance are to set an annual investment strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

Strategy guidelines – The main strategy guidelines are contained in the body of the treasury strategy statement.

Specified investments – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Council has the right to be repaid within 12 months if it wishes. These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with:

1. The UK Government (such as the Debt Management Account deposit facility, UK treasury bills or a gilt with less than one year to maturity).
2. Supranational bonds of less than one year's duration.
3. A local authority, parish council or community council.
4. Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency. For category 4 this covers pooled

investment vehicles, such as money market funds, rated *AAA* by Moody's or Fitch rating agencies.

5. A body that is considered of a high credit quality (such as a bank or building society). For category 5 this covers bodies with a minimum Short Term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies.

Within these bodies, and in accordance with the Code, the Council has set additional criteria to set the time and amount of monies which will be invested in these bodies.

Non-specified investments –are any other type of investment (i.e. not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below. Non specified investments would include any sterling investments with:

	Non Specified Investment Category	**Limit (£ or %)**
a.	**The Council's own banker** if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	£1m
b.	**Building societies not meeting the basic security requirements under the specified investments**. The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which have a minimum asset size of £5,000m, but will restrict these type of investments to a maximum 6 month period.	£1m
c.	**Bond funds.** This Authority will seek further advice on the appropriateness and associated risks with investments in these categories	Report to Cabinet
d.	**Property funds** –This Authority will seek guidance on the status of any fund it may consider using.	Report to Cabinet

NOTE 1. This Authority will seek further advice on the appropriateness and associated risks with investments in these categories.

Within categories a and b, and in accordance with the Code, the Council has developed additional criteria to set the overall amount of monies which will be invested in these bodies. These criteria to set the time and amount of monies which will be invested in these bodies.

The monitoring of investment counterparties - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Capita Asset Services as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Head of Finance, and if required new counterparties which meet the criteria will be added to the list.

APPENDIX 5

TREASURY MANAGEMENT SCHEME OF DELEGATION

(i) Full Council

- receiving and reviewing reports on treasury management policies, practices and activities;
- approval of annual strategy.

(ii) Cabinet

- approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;
- approving the selection of external service providers and agreeing terms of appointment.

(iii) Audit and Risk Scrutiny Committee

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

APPENDIX 6

THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

Agenda Item No.

BASSETLAW DISTRICT COUNCIL

CABINET

9th FEBRUARY 2017

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

CAPITAL INVESTMENT STRATEGY 2017/18 TO 2021/22

Cabinet Member: Finance
Contact: Dave Hill
Ext: 3174

1. Public Interest Test

1.1 The author of this report, Dave Hill, has determined that the report is not confidential.

2. Purpose of the Report

2.1 To seek Cabinet approval to the Capital Investment Strategy 2017/18 to 2021/22.

3. Background and Discussion

3.1 A copy of the Capital Investment Strategy is attached as an Appendix to this report.

3.2 The Capital Investment Strategy outlines the principles and framework that shape the Council's capital investment decisions. The principal aim is to deliver a programme of capital investment that contributes to the achievement of the Council's priorities and objectives as set out in the Corporate Plan.

3.3 The Strategy defines at the highest level how the capital programme is to be formulated, it identifies the issues and options that influence capital spending, and sets out how the resources and capital programme will be managed.

4. Implications

a) For service users

This report sets the financial framework for capital investment.

b) Strategic & Policy

It links to the policy and strategy documents mentioned within the strategy, in particular the Property Asset Management Plan and Treasury Management Policy and Strategy.

c) Financial – 17/189

The financial implications of the capital programme are fully reflected within the *General Fund Revenue Budget 2017/18 to 2019/20* report elsewhere on this agenda.

d) Legal – 721/02/17

The legal implications are as contained within the report.

e) Human Resources

None from this report.

f) Community Safety, Equalities, Environmental

These are considered as part of the approval of individual capital investment schemes.

g) This is key decision number 612.

5. Options, Risks and Reasons for Recommendations

5.1 The Capital Investment Strategy is a key document that sets out how capital resources will be used to meet the priorities of the Council.

6. Recommendations

6.1 That the Cabinet recommends approval of the Capital Investment Strategy 2017/18 to 2021/22 to full Council on 7th March 2017.

Background Papers	**Location**
Capital programme working papers	Finance – Floor 2

CAPITAL INVESTMENT STRATEGY

2017/18 TO 2021/22

BASSETLAW
DISTRICT COUNCIL

1. INTRODUCTION

This Capital Investment Strategy outlines the principles and framework that shape the Council's capital investment proposals. The principal aim is to deliver an affordable programme of capital investment consistent with the Council's Financial Strategy and that contributes to the achievement of the Council's priorities and objectives as set out in the Corporate Plan.

The Strategy defines at the highest level how the capital programme is to be formulated and designed, it identifies the issues and options that influence capital spending, and sets out how the resources and capital programme will be managed.

As well as detailing the approved capital investment programme over the forthcoming five years, the document also sets out the Councils ambitions over the medium to longer term.

The basic elements of the Strategy therefore include:

- A direct relationship to the Corporate Plan;
- A framework for the review and management of existing and future assets (the Property Asset Management Plan);
- An investment programme expressed over the medium to long term;
- A document that indicates the opportunities for partnership working;
- A framework that prioritises the use of capital resources;
- A consideration of the need to pursue external financing (grants, contributions etc), which reconcile external funding opportunities with the Council's priorities and organisational objectives, so that it is the achievement of the latter that directs effort to secure the former;
- A direct relationship with the Treasury Management Policy and Strategy, and the limitations on activity through the treasury management Prudential Indicators.

This document is intended for the use by all stakeholders to show how the Council makes decisions on capital investment:

- for the Cabinet and Council – to decide on capital investment policy within the overall context of investment need/opportunity and affordability;
- for Councillors – to provide an understanding of the need for capital investment and help them scrutinise policy and management;

- for Officers – to provide an understanding of the Council's capital investment priorities, to assist them in bidding for capital resources, and to confirm their role in the capital project management and monitoring arrangements;

- for taxpayers – to demonstrate how the Council seeks to prudently manage capital resources and look after its assets;

- for partners – to share with them our Vision and help to co-ordinate and seek further opportunities for joint ventures.

The capital programme consists of two elements:

- The Housing Capital Programme with a proposed budget for 2017/18 of £11.185m, which supports the maintenance of the Councils circa 6,900 council houses;

- The General Fund Capital Programme with a proposed budget for 2017/18 of £3.2m. Of this amount, expenditure on the Council's non-housing assets totals £2.5m, and £0.7m will provide Disabled Facilities Grants to a number of private dwellings during the year.

2. PRINCIPLES SUPPORTING THE STRATEGY

The Capital Investment Strategy reflects the aspirations included within the Council's main strategic documents - principally the Corporate Plan but also other key planning documents such as the Property Asset Management Plan, Treasury Management Policy and Strategy, Budget Strategy, and the ICT Strategy.

The principles that underpin the Capital Investment Strategy include:

Policy Principles:

- A direct relationship between Council priorities, including our statutory requirements, and a capital programme driven by essential investment needs and prioritised on an authority-wide basis, demonstrating an explicit link with all key strategic planning documents;

- The use of a rational process for assessing the relative importance of potential schemes.

Financial Principles:

- The overarching commitment to affordability of investments over the longer term;

- A recognition that the Council's own locally generated resources are limited and will only be used to fund those capital priorities that are unlikely to be able to access any other funding sources;

- A commitment to developing partnerships, including the pursuit of joint venture and community arrangements where appropriate, to achieve the Council's investment aspirations;

- To pursue all available external funding where there is a direct compatibility with the Council priorities;

- Value for money of investments in assets over their full life cycle.

Asset Management Principles:

- The development of Property Asset Management Plans (AMP) and investment plans for the use of all Council assets, be these operational buildings, investment properties, equipment and machinery, Information Technology or infrastructure assets;

- The optimisation of surplus assets by maximising income or application to other purposes informed through the AMP process, with all receipts generated through the sale of surplus property assets being used to fund the Capital Programme;

- Recognition of the value of surplus properties that are gifted by the Council as a contribution to a particular scheme. This value will be treated as capital resources and will have to be assessed against other capital proposals;

- A process of declaring property assets as surplus will be led by the Corporate Property Officer (Property Manager) in consultation with the holding department, who will be able to declare a site surplus to requirements if deemed to be under-utilised or surplus to requirements;

- Wherever possible ensuring active community involvement in informing priorities and engagement in management plans, in line with the Localism Act 2011;

- Management of assets to take full account of the Council's wider priorities including its environmental priorities;

- The continuation of financial support to schemes that involve site assembly, which will potentially generate significant capital receipts in the medium term;

- The provision of financial support to the Empty Homes Initiative, which is intended to bring empty homes back into use to increase the supply of affordable housing in the district;

- The Property Review process will determine if an asset meets the corporate need in the longer term. If this is the case then investment in the asset will be maintained. Conversely, if it is not required, then the asset is more valuable to the Council as a capital receipt.

Implementation and Management Principle

- The operation of robust management arrangements for the implementation, updating and review of the Strategy.

3. CAPITAL INVESTMENT PRIORITIES

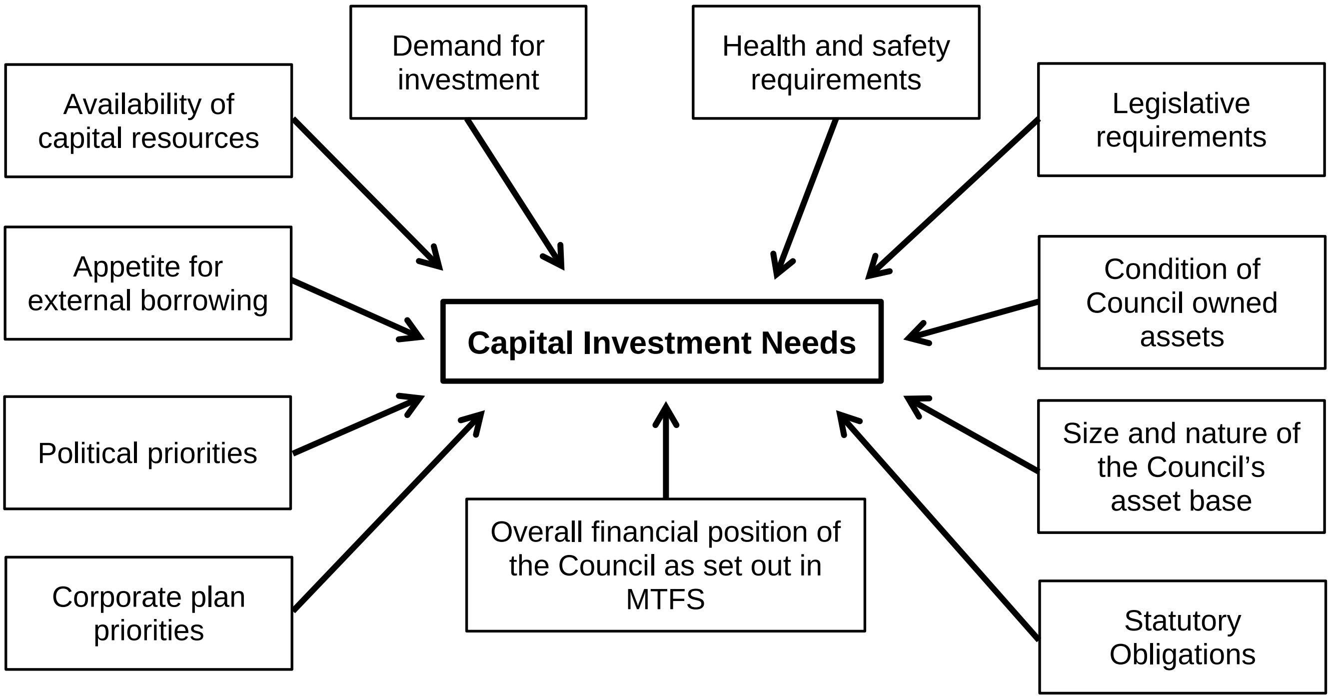
The aim of the Council is to make a sustainable improvement to the long-term quality of life of our residents. The Corporate Plan 2014-2017 sets out the vision for Bassetlaw. This Vision is intended to be external facing and clearly indicates the Council's ambition for the district and the people within.

Underpinning the Council's contribution to the Corporate Plan vision are four Ambitions. These are:

- *A Viable Co-operative Council;*
- *Local Growth;*
- *Quality Housing and Decent Neighbourhoods; and*
- *Local Living Standards.*

CAPITAL INVESTMENT STRATEGY

While the aim of the Council for its capital investment is in line with the Corporate Plan the capital need is influenced by a number of other factors both internal and external to the Council. The diagram below identifies a number of these:



CAPITAL INVESTMENT STRATEGY

4. CAPITAL INVESTMENT – AMBITION, OPPORTUNITY AND ESSENTIAL

The capital programme for 2017-22 has been formulated to observe the principles contained in this document. The five-year Capital Programme was agreed at last year's Cabinet, however, further recommendations are being/have already been made to Cabinet to allocate funding for major projects. These capital projects meet the following strategic themes as follows:

A Viable Co-operative Council
- Planned Maintenance & Capital Upgrades
- ICT Storage & Server Infrastructure
- Vehicles & Plant - Replacement
- Memorial Library

Local Growth
- Market Canopy Renewals
- Worksop Creative Village phase 2

Quality Housing and Decent Neighbourhoods
- Disabled Facilities Grant
- Affordable Housing Scheme

Local Living Standards
- Retford Beck Flood Alleviation Scheme
- Flood Alleviation - Small Schemes
- Clarborough Flood Alleviation Scheme
- Play Areas Upgrade
- Bassetlaw Sports Hub

CAPITAL INVESTMENT STRATEGY

5. FINANCIAL CONTEXT

Comprehensive Spending Review

The Chancellor announced the comprehensive spending review on 25th November, with further cuts in Central Government Funding being applied to all Local Authorities, including Bassetlaw. This detailed the removal of the Revenue Support Grant to Council's over the period of this parliament, and instead moving to 100% funding by business rates income, ie a system of Local Government funded by local taxation.

What this means in practice is that local authorities will find it much harder to fund capital expenditure, resulting from less government funding, more expensive borrowing, and reduced capital receipts in the current economic climate.

In response to these significant pressures, local authorities must now explore alternative sources of funding capital expenditure. These various options can be summarised as follows:

- External partners – Traditionally Section 106 monies have been levied on private contractors where funds have been required to deliver (amongst other things) capital projects necessary to make a planning application acceptable e.g. to upgrade highways infrastructure, within the district. These opportunities are now extended to include the Community Infrastructure Levy (CIL), which allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed to deliver new development. The infrastructure to be funded by CIL must be clearly set out and can include transport schemes, flood defences, schools, hospitals, other health and social care facilities, parks, green spaces and leisure centres.

- Grants – A number of capital grants are made available by the central government that could be used to fund capital expenditure. For example, the New Homes Bonus is now an established grant, which is directly linked to the number of empty homes that are brought back into use within the district, coupled with the build of any new affordable housing units. Unfortunately capital grants are now diminishing in number as further cuts are enforced on Local Government.

- Business Improvement Districts (BIDs) – A partnership between a local authority and local businesses to develop projects and services that benefit the local trading environment.

- Local Asset Backed Vehicles (LABVs) – This is a form of public and private sector partnership that allows public sector bodies to use their assets (usually land and buildings) to attract long term investment from the private sector in order to deliver socio-economic development and regeneration. They are designed to encourage parties to pool resources, such as finance, planning powers, land and expertise, in order to deliver regeneration with an acceptable balance of risk and return for all those involved. They are increasingly being looked at as a potential model to help local authorities meet their regeneration aspirations.

- Tax Increment Financing (TIF) – This is an initiative that allows a local authority to borrow money against the predicted future growth in local business rates income.

- Social Impact Bonds (SIBs) – A contract between a public body and a private investor, where the investor funds are used to pay for interventions to improve the social outcome, and the public body pays the investor based on that improved social outcome. Examples include prisons based on reduced re-offending, and CCTV based on reduced anti-social behaviour and crime levels.

- Community Involvement – The Localism Act 2011 introduced the concept of "community asset transfer", "community right to challenge" and "community right to bid" for services. These changes in legislation have opened up the whole spectrum of opportunities of private sector investment in community-led capital projects, where deemed appropriate.

- Collaborative Working – a move away from the traditional development agreement structure and towards a more collaborative approach, either to enhance marketing prospects for a site or to enhance its redevelopment value by addressing planning issues. This type of approach encourages interest from expert developers to promote a site or work together on the planning and infrastructure process, to enhance the attractiveness of the site to end users.

Financial Process

The Council's financial and service planning process ensures decisions about the allocation of capital and revenue resources are taken to achieve a corporate and consistent approach.

The funding of capital schemes is via the following hierarchy:

- External grants and contributions;
- Unsupported borrowing;
- Capital receipts from the disposal of fixed assets;
- Leasing finance; (where applicable)
- Revenue contributions.

The following paragraphs examine the current and prospective means of financing projects and the range of choices available.

External Grants and Contributions - Some capital projects are financed wholly or partly through external grants and contributions that are specific to projects and cannot be used for other purposes.

Grants from external sources are a valuable source of capital finance for the Council and have enabled the Council to realise a substantial number of capital developments that would otherwise have been unable to progress. Given the scale of the Council's ambitions to improve and add to its asset base much will depend on our ability to secure external funding.

The most significant grants that the Council now receives are from a combination of European money e.g. ERDF, Section 106 monies and Community Infrastructure Levies from development sites that are acquired for housing and other purposes.

At its meeting of December 2015, the cabinet agreed that any New Homes Bonus over and above that used for mainstream revenue funding, will be used to support the capital programme.

Unsupported Borrowing – Unsupported prudential borrowing is where the debt costs have to be funded from the Council's revenue resources. The principle of affordability is therefore a key consideration.

With the introduction in April 2012 of the new Housing Self-Financing regime, significant levels of additional borrowing to fund the overall capital programme 2017/18 to 2021/22 will no longer apply. Instead, borrowing for housing purposes will be restricted to the 'gap' between the current Capital Financing Requirement and the government imposed borrowing ceiling. The size of this housing 'gap' is circa £10.0m in 2017/18 and will only be used to fund 'invest to save' schemes such as energy efficiency projects, or new build in the longer term.

For the General Fund, unsupported prudential borrowing will be tightly controlled due to the financial impact it will have on a revenue budget that already operates to very tight margins. The planning assumption for the five-year programme is that the Council may use borrowing for 'long life' assets, or as a replacement for leasing, or for an 'invest to save' scheme. This must, however, be proven to be affordable within the revenue budget.

Capital Receipts - The Council also generates its own capital resources through the sale of surplus land and buildings and these resources can be used by the Council to invest in new capital projects. However, the Council is not asset rich and the ability to realise significant capital receipts is limited. Moreover, the current economic climate will restrict the capital value of any sale. Decisions to dispose of assets at less than full value should therefore be tested against the opportunity cost of the capital spending given up as a consequence.

The Council received General Fund capital receipts of £156,000 in 2015/16 (estimated at £562,000 in 2016/17), and Housing capital receipts of £2,933,000 in 2015/16 (estimated at £3,376,000 in 2016/17).

Capital receipts (other than in relation to the change included in the Provisional Local Government Finance Settlement) may only be used for one or more of the following purposes:

- to meet capital expenditure;
- to repay the principal of any amount borrowed;
- to pay a premium charged in relation to any amount borrowed;
- to meet any liability in respect of credit arrangements, other than any liability which, in accordance with proper practices, must be charged to a revenue account;
- to meet the administrative costs of or incidental to a disposal of an interest in housing land; or
- to make a payment to the Secretary of State under regulation 12 or 13.

It is also important to clarify the categories of capital receipts as follows:

- General Fund – 100% receipts from sales of land and property that are owned by the General Fund;
- Housing – 100% receipts from sales of land and property that are owned by the Housing Revenue Account that must be spent on housing capital expenditure, regeneration or debt repayment. It also includes the 25% of capital receipts from council housing sales (the other 75% is paid over to the government);
- Retained Right to Buys – This originated from the introduction of the housing self-financing regulations, which set out the government's assumptions on the number of council house sales that would be made each financial year – for Bassetlaw this equates to 18 Right-to-Buy sales in 2017/18. For any sales in excess of the 18 properties, the Council is allowed to keep 100% but only if it invests in new housing within a three year period at a match funding rate of 30%.

The Property Asset Management Plan includes a capital receipts target, although this is not built into any funding projections. The associated loss of any rental income from such sales is built into the General Fund budget.

Revenue Funding - The Council can also use revenue resources to fund capital projects, although pressures on the revenue budgets limit the ability to fund schemes from this source.

Other Sources of Capital Financing - The Council will continue to explore the potential for developing partnerships and private sector involvement. It also has the opportunity to use leasing as a means of funding capital expenditure on vehicles and other equipment. In all cases the resulting revenue costs of these sources of funding are tested for relative Value for Money alongside debt financing.

The Council recognises that certain services have greater potential for attracting capital finance from external sources. The Council aims to ensure that it maximises the opportunities to attract partnership or third party funding where appropriate and will focus the use of its own scarce capital resources to provide public assets where these alternative funding sources are not available.

The table below shows the estimated use of these resources over the five-year period, as presented within the separate General Fund and Housing Capital Programme reports.

	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000
GENERAL FUND					
Grants & Contributions	1,636	1,020	1,550	700	700
Capital Receipts	492	360	400	180	150
Leasing/Unsupported Borrowing	1,079	764	684	607	454
	3,207	**2,144**	**2,634**	**1,487**	**1,304**
HOUSING					
Major Repairs Reserve	3,039	8,324	5,115	9,615	9,615
External Funding	711	3,878	0	0	0
New Build Reserve	1,650	300	0	0	0
Unsupported / Internal Borrowing	5,000	200	4,500	0	0
Capital Receipts	785	585	385	385	385
	11,185	**13,287**	**10,000**	**10,000**	**10,000**
TOTAL:	**14,392**	**15,431**	**12,634**	**11,487**	**11,304**

6. FLEXIBLE USE OF CAPITAL RECEIPTS STRATEGY

Introduction and Background

Following the Spending Review 2015, the Department for Communities and Local Government (CLG) recently issued guidance on the flexible use of capital receipts which came into effect from 1 April 2016 to 31 March 2019. The guidance, underpinned by a direction from the Secretary of State for Communities and Local Government, will enable local authorities to capitalise costs incurred on transforming or improving service delivery designed to generate ongoing revenue savings. The guidance also states that each local authority should prepare a Flexible use of Capital Receipts Strategy.

In summary, the key elements of the CLG guidance on the flexible use of capital receipts are:

Types of qualifying expenditure

1) Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners. It is for individual local authorities to decide whether or not a project qualifies for the flexibility.

2) Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure. In addition, one off costs, such as banking savings against temporary increases in costs/pay cannot be classified as qualifying expenditure.

Financing of the qualifying expenditure

i. Up to 100% of capital receipts from property, plant and equipment disposals received from 2017/18 (excluding Right to Buy receipts) can be used to finance qualifying expenditure. Existing capital receipts in hand prior to 2017/18 are not permitted to be used.

ii. Local authorities may not borrow to finance qualifying expenditure.

iii. The guidance will apply for 2017/18.

7. CAPITAL INVESTMENT PRIORITISATION

Demand for capital resources to meet investment needs and aspirations will exceed the resources available to the Council.

To ensure that capital resources are allocated to the Council's priorities, an objective, structured prioritisation process has been adopted for determining the Capital Programme.

In moving to a longer-term view of priorities, the first step in this process is to identify the potential calls on capital. An early filtering out of aspirations, which do not sufficiently meet Council priorities to warrant incurring costs of feasibility and option appraisal studies, seeks to obviate potentially abortive costs.

From this refined review the process is based on the completion of a Capital Service Bid for each project to be considered for inclusion in the Capital Programme. Each Capital Service Bid is then scored against the established methodology. A Capital Project Assessment Team scrutinises and moderates the scores, and recommends options for a prioritised Capital Programme for the forthcoming period. These are presented to Cabinet, which makes the final recommendations to full Council.

Once full Council has approved the schemes that comprise the Capital Programme, the project managers develop detailed project plans for each scheme. The project plan forms the basis for monitoring delivery of the critical physical milestones. Each project plan includes:

- The projects objectives and performance indicators (inputs, outputs, and outcome based);
- Key milestone dates for project delivery;
- Responsible officers for delivery of each milestone;
- Resource requirements including full financial breakdown;
- Risk analysis;
- Post project review on the completion of each scheme.

The process specifically addresses the key requirements of the Prudential Code, i.e.:

- Affordability, prudence and sustainability - the integration of the capital and revenue planning processes ensures that coherent decision-making takes place on the level of borrowing that is prudent, affordable and sustainable;

- the Council's service objectives – the specific relationships to the achievement of the objectives expressed in the Corporate Plan supplemented by reference to relevant strategic, service and/or statutory plans;

- the Value for Money offered by the plans – as demonstrated by an options appraisal;

- the stewardship of the Council's assets – explicit regard to the Council's Property Asset Management Plan;

- the practicalities of the capital expenditure plan – i.e. projects are realistically phased and are capable of being delivered in physical terms.

8. MANAGING THE CAPITAL PROGRAMME

A key role in the monitoring of the capital programme is undertaken by the Capital Monitoring Group, which meets on a bi-monthly basis. This Group is attended by responsible officers and cabinet portfolio Members and is chaired by the Cabinet Member for finance. It is a supportive environment in which problem areas are identified and corrective actions agreed and implemented at an early stage to avoid slippage. Each scheme has a nominated project manager who is responsible for the successful completion of the scheme both to time and on budget.

The Council maintains comprehensive and robust procedures for managing and monitoring its Capital Programme. Ongoing monitoring arrangements for the delivery of the approved programme consist of:

- Project Managers are identified for each scheme who are responsible for monitoring progress, spend and income and producing action plans to respond to variations in pace or cost of delivery;

- The Head of Finance & Property co-ordinates high level monthly reporting and detailed quarterly reporting to the Management Team, Audit & Risk Scrutiny Committee, and Cabinet;

- Bi-monthly capital monitoring meetings which have replaced the former Regeneration & Property Group. Project managers report on performance outputs on each of their capital projects in progress. Variations and unexpected items are discussed and appropriate action taken.

- Heads of Service are responsible for ensuring that Project Manager monitoring reports are quality assured and challenged, and that corporate implications arising from capital monitoring are brought to the attention of the Management Team and Cabinet.

9. PROCUREMENT

The Council has adopted a Corporate Procurement Policy and Strategy that sets the framework by which the Council will ensure that procurement across the Council delivers excellent value for money. This includes the procurement of assets. The Strategy provides direction, structure and information in respect of the Council's approach to procurement and answers the procurement challenges faced by the Council.

The following principles form the basis of all procurement activity in order to achieve value for money in capital projects:

- *Strategic procurement will support improved service delivery through the freeing up of resources and improving the quality of goods, services and works;*

- *Strategic procurement will ensure that the Council obtains value for money in the acquisition and management of its resources, balancing both quality and cost;*

- *The Council will undertake all procurement activity within a corporate framework to enable all officers to obtain goods, services and works to the required quality in the most efficient manner;*

- *All procurement activity will be sustainable, supporting and promoting Council policies and priorities, including equal rights, sustainability, social cohesion and economic regeneration;*

- *The Council will ensure that procurement activity is undertaken in the most effective and appropriate manner;*

- *All procurement activity will be assessed on a whole-life costing and benefits basis with due regard to risk.*

- *Procurement activity will be transparent (and fully compliant with the Freedom of Information Act), fair and consistent, and be undertaken to the highest standards of probity and accountability. Procurement decisions must be evidence based.*

Delivery of the Capital Programme is a key element of the Council's Corporate Procurement Policy and Strategy by ensuring adequate project management and support are in place at all stages prior to contract award and including the subsequent management of contracts.

10. CAPITAL RECEIPTS

All capital receipts arising from the sale of land and buildings will feed directly into the relevant capital pot for reinvestment. Generally capital receipts will be treated as a corporate resource.

The Council will ring-fence capital receipts to specific schemes where there is a legal requirement to do so i.e. whether it arises from the terms under which the asset was acquired, or from a statutory requirement. An example of the latter would be the sale of an allotment site following Secretary of State approval.

Additionally the Council may ringfence receipts where there is a close link between the receipt and reinvestment.

11. CONCLUSION

The Capital Investment Strategy is a 'live' document which enables the Council to make rational capital investment decisions in order to achieve its corporate priorities and objectives. As a consequence, it provides a framework for determining the relative importance of individual capital projects.

If the Council is to achieve its ambitions, it is recognised that a commitment to partnership working with both the private sector and other public sector agencies will play a significant part of the Council's overall approach.

The adoption of a five-year capital planning framework is a significant means of improving programming for major projects and ensuring the longer term sustainability of the borrowing requirement.

The Council aims to ensure that it will maximise the opportunities to attract partnership or third party funding, and will focus the use of its own scarce capital resources to provide public assets where these alternative funding sources are not available.

New and innovative ways of generating increased capital finance will continue to be explored, as well as adopting a rigorous approach to the identification and disposal of surplus assets.

CAPITAL INVESTMENT STRATEGY

The Council will maintain comprehensive and robust procedures for managing and monitoring its Capital Programme.

Any policy or strategy proposed to Council that requires capital investment must be consistent with the Capital Investment Strategy. The Strategy is to be revisited annually, to ensure that it is kept up-to-date and is relevant and effective.

CAPITAL INVESTMENT STRATEGY

APPENDIX 1

CAPITAL PRIORITISATION PROCESS

INTRODUCTION AND BACKGROUND

Good practice dictates that the framework for allocating capital resources to capital projects is clear and understandable to all. It is therefore imperative that the Capital Investment Strategy details the process by which projects are selected in relation to objectives and service plans. This will demonstrate a level of objectivity in the selection of projects, especially in the context of a strategic planning process.

FRAMEWORK OF THE PRIORITISATION PROCESS

The process is numerically based, and allocates points to projects dependent upon the categories into which they fall. The aim is to demonstrate how the Council selects projects that will achieve its overall objectives and is not biased towards particular service interests.

The process is in two parts. In Stage 1, projects are placed into **one** of 8 categories, attracting the appropriate points. In Stage 2, additional points may be acquired if projects satisfy one or more criteria. Equally, points can be deducted if, for example, the project results in increased revenue costs. The aggregate of these two stages will result in a list of projects in priority order.

Projects above £500,000 will be considered separately. This is because above £500,000 a project will consume such a large proportion of the likely resources available as to make the process ineffective for the remaining bids, and it is recommended that bids of this order should be prioritised and considered separately. Projects of this scale make comparison in the context of a prioritisation process very difficult. In a case where a project of such size is put forward, it could be decided that all cash available for the year should be allocated to this one project, or, if the project is high value and spans a number of years, the annual allocation could be top-sliced prior to allocating the remaining funds identified through the normal prioritisation process.

A lower limit of £10,000 has been set because this is considered small enough to be met from revenue budgets.

HOW THE PROCESS OPERATES

It is intended that this process should be undertaken by the Capital Project Assessment Team. Service Managers will then be invited to complete a more detailed capital bid which will be fully scored against categories A to M to determine a final score, and enable prioritisation to be achieved.

CAPITAL INVESTMENT STRATEGY

STAGE 1: INITIAL PRIORITISATION

Categories A and B carry the maximum of 12 points reflecting the importance of carrying out the project either because the Council is under an obligation which it cannot avoid, or because it is necessary to maintain the existing asset base and hence the current level of service. Category C, (10 points), reflects the need for the Council to respond to Government expectations which, whilst they may not be statutory, might invite criticism if not undertaken. Category D, (10 points), reflects the position where capital investment today will make ongoing savings in the future i.e. invest to save schemes. Category E, (8 points), responds to the commitments arising from any S106 agreements, but carries a lower value because the Council has the option of not undertaking the project, with the only retribution being the return of the original sum to the contributor. Category F, (8 points), relates to the occasions where there is significant funding available from a partner indicating a heavy commitment on the Council to proceed. Categories G, (6 points), and H, (4 points), relate to those projects which the Council may wish to undertake but for which there is neither an overriding requirement, nor a need to replace the asset to maintain the service. Category G attracts more points because if there is an existing strategy for the service, there is more confidence that the project will fulfil its long-term aims, which have been previously approved by the Council. Category H indicates a shorter-term view. **Projects that do not fall within any of these categories would not be considered for inclusion in the Capital Programme**.

CATEGORY	CRITERIA	POINTS
A	There is a mandatory legal requirement to provide the service or asset that enables the service to be provided and that obligation cannot be met in any other way.	12
B	There is a demonstrable priority need to replace the asset/service on an essentially like for like basis, (save for improvements in technology), as the existing asset is at the end of its useful life.	12
C	There is an expectation by the Government that the Council should undertake a particular course, although it may not be currently statutory, and there is a likelihood of some form of sanction being applied against the Council if that expectation is not met.	10
D	Project is based on the principle that investment in a service will result in savings in the future.	10
E	Funding is required to supplement a S106 agreement and that funding must be met during the year in question.	8
F	Matched funding is available of at least 50% of the project cost.	8
G	Project meets objective(s) in one of the Council's approved strategy statements, (other than the Capital Strategy).	6
H	Project meets service plan objective(s), or has been previously agreed by Members to be put forward as a bid.	4

CAPITAL INVESTMENT STRATEGY

STAGE 2: CRITERIA FOR ADDING/DEDUCTING ADDITIONAL POINTS

Stage 2 modifies the initial categorisation by taking account of particular attributes of projects. Category I recognises the importance of a project in achieving Council objectives – the more objectives it contributes towards, the more points. Category J reflects the advantage of additional investment rather than pure replacement on a like for like basis. Category K recognises that some projects have an added importance as a result of health and safety requirements. Category L adds or deducts a weighting if the project has a positive or negative effect on future revenue budgets, and is an incentive for projects to achieve revenue savings or additional income. Finally, category M reflects the need for the Council to build partnerships and demonstrate its commitment to working jointly with the wider community.

CATEGORY	CRITERIA		POINTS
I	**Council Priorities**		
AMBITION	Additional points for projects adding value to the Council's Priorities, (add 1 point for each)		
A Viable Co-operative Council	1.1	A Resilient Local Authority	
	1.2	Working towards a Co-operative Council	
	1.3	Increasing Pride in the District	
Local Growth	2.1	A District that maximises its potential	
	2.2	Driving the local economy	
	2.3	Bassetlaw as a Destination	
Quality Housing and Decent Neighbourhoods	3.1	Quality Housing in the District	
	3.2	Maximum benefit for tenants and Local Communities	
	3.3	Local Neighbourhoods that are Clean, Safe and Welcoming	
Local Living Standards	4.1	Meeting the Challenge of Welfare Reform	
	4.2	Standing up for local people	

J	**Improvement/Betterment**		
	Improvement beyond the essential requirement to deliver an existing service, (i.e. to a standard beyond that necessary to replace an existing asset which is no longer useable), where there is a proven need and a demonstrable benefit in doing so. (Add 2 points).		
K	**Health & Safety (Non-Statutory)**		
	Relating to Council property, the project is considered necessary for the health and safety of the Council's employees or the general public, and has been identified as such. (Add 2 points).		
L	**Revenue Implications**		
	i	Projects result in a reduction in the revenue budget from the date of completion, (after any repayment to reserves). (Add 1 point per estimated £10,000).	
	ii	Projects result in increased net revenue costs. (Deduct 1 point per estimated £10,000).	( )
M	**Partnership**		
	Projects that enhance the relationship with the Council's partners and in doing so achieve the Council's Priorities. (Add 2 points).		

Agenda Item No.

BASSETLAW DISTRICT COUNCIL

CABINET

9th FEBRUARY 2017

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PROPERTY ASSET MANAGEMENT PLAN 2017/18 UPDATE

Cabinet Member: Finance
Contact: Dave Hill
Ext: 3174

1. Public Interest Test

1.1 The author of this report, Dave Hill, has determined that the report is not confidential.

2. Purpose of the Report

2.1 For Members to approve the 2017/18 update to the Property Asset Management Plan 2015/16 to 2019/20 approved by Cabinet in February 2015.

3. Background and Discussion

3.1 In order to ensure that the Council is managing its assets more effectively, an up to date Asset Management Plan is essential.

3.2 This Asset Management Plan sets out how the Council's Property Portfolio will contribute to the Council's main aims/key priorities identified in the Corporate Plan.

3.3 The appendix provides an update to the Property Asset Management Plan 2015/16 to 2019/20 with regard to :

- Co-location of services;
- Maintaining assets (including condition surveys);
- Investment portfolio review;
- Property disposals.

3.4 During 2017/18 the Asset Management Plan will be subject to a more robust review and the outcome of the review will be reported to Cabinet.

4. Implications

a) For Service Users

By adopting the Property Asset Management Plan the service delivery to customers of the authority will be enhanced.

b) Strategic and Policy

The Asset Management Plan is a five year plan which is reviewed annually.

c) Financial – Ref: 17/988

There are no immediate financial implications arising from this report. However, over the next financial year, assets may be acquired and disposed of, whereby further reports will be presented to Cabinet for approval with the full financial implications outlined.

d) Legal – Ref: 713/02/17

The legal implications are as contained within the report.

e) Human Resources

None contained in this report.

f) Community Safety, Equalities, Environmental

These are outlined in the Asset Management Plan. The Council's non-operational assets are occupied by a variety of organisations on a contractual basis. The Council seeks to eliminate access discrimination in accordance with the Equality Act 2010.

g) This is key decision number 613.

5. <u>Options, Risks and Reasons for Recommendations</u>

5.1 The Asset Management Plan is a key document that sets out how the Council effectively manages its assets to support the efficient delivery of its priorities and objectives.

6. <u>Recommendations</u>

6.1 That the Cabinet recommends approval of the Property Asset Management Plan 2017/18 Update to full Council on 7th March 2017.

Background Papers	**Location**
Property Asset Management Plan 2015/16 to 2019/20	Estates Unit - Floor 2

BASSETLAW
DISTRICT COUNCIL

PROPERTY ASSET MANAGEMENT PLAN

2015/16 – 2019/20

2017/18 UPDATE

PROPERTY ASSET MANAGEMENT PLAN - 2017/18 UPDATE

1 FORWARD

The purpose of the plan is to ensure that the Council's property holdings are aligned to meet strategic priorities and service needs to ensure that the right property is available in the right place, and at the right time.

The goal is to get the most from our assets as they support the provision of Council services and the delivery of our priorities. The Council will be judged on the quality of the services it delivers not the quality of its buildings, but those land and property assets do support the on-going provision of the services provided to businesses and residents in the District. Property remains the second highest cost incurred by most public authorities after expenditure on staff, and its effective and efficient management is key to being able to deliver value for money and quality services.

The Property Asset Management Plan for 2015/16 to 2019/20 details an effective strategy and robust operational plan for the management of Bassetlaw District Council's significant land and building assets over a 5 year period.

Bassetlaw District Council operates a substantial property portfolio comprising of 1,097 Operational Properties and 56 leased assets with a total combined asset value of just over £48.0 million with the Investment Portfolio producing an annual income of £0.479m per annum.

2 CORPORATE PLAN

The Council identified the following ambitions and priorities in the Corporate Plan 2014 - 2017:

Ambition 1 – A Viable Co-operative Council

Ambition 2 – Local Growth

Ambition 3 – Quality Housing & Decent Neighbourhoods

Ambition 4 - Local Living Standards

The Council's land and property assets provide a key to the delivery of its services to residents of the District and delivery of these Corporate Priorities. The Asset Management Plan provides a summary of how the Council uses its land and property assets to contribute towards ambitions, whilst at the same time:-

- Supports improvements to service delivery;
- Continues to provide a significant income through property rents and capital receipts;
- Identifies and drives out efficiencies, such as co-location of services.

The Asset Management Plan is also prepared alongside the Capital Investment Strategy in order to ensure that our plans are financially sustainable.

The focus of the Strategy is towards optimising the use of the Council's land and buildings in terms of service benefit, affordability and best value for money.

The intention is to create an improved and well planned property portfolio, that is fit for purpose and able to meet changing requirements whilst at the same time is also one that costs less to run, and able to release funds to invest in improved delivery of front line services for the benefit of the community.

Specifically the objectives are:

- To have sufficient, fit for purpose, well maintained and managed property in the right locations to meet the need of services, including community facilities in district and local centres.

- To identify opportunities for "Total Place Initiatives" in order to reduce the number of administrative office buildings in the outlying district and to identify co-location opportunities to share with public sector partners where this benefits the parties in supporting improved service delivery or efficiency.

- To make investment in property that is prioritised corporately according to strategic need and to enhance the Council's commitment to the environment.

- To continue to support and promote regeneration and economic development and employment opportunities within the district.

- To support transformation of service delivery and community infrastructure using strategic property solutions.

- To have an estate that is fit for purpose for the delivery of all Council Services.

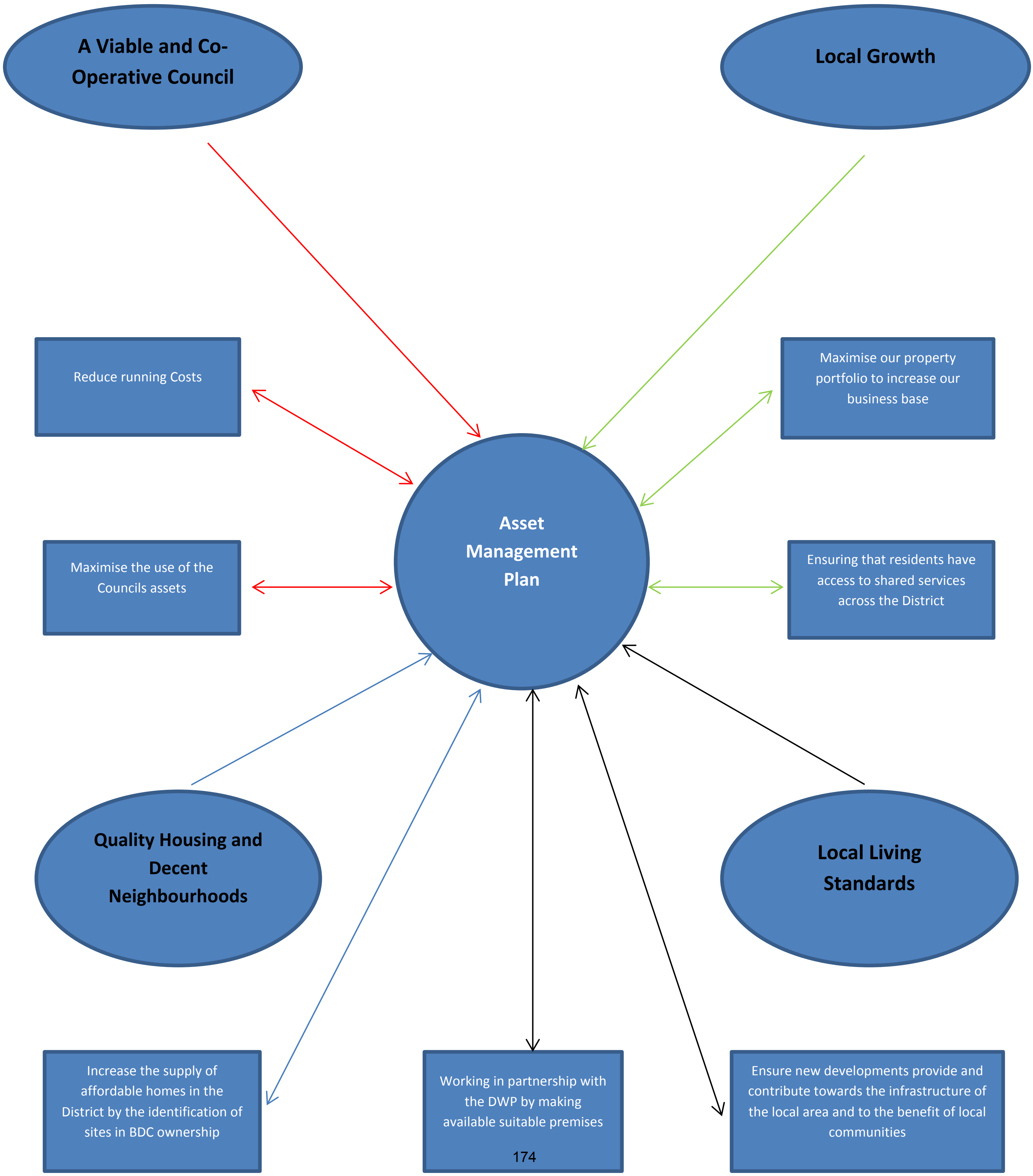
- To retain investment property that generates strong income streams to help fund asset maintenance and support service delivery.

- To identify development opportunities that will encourage business into the district and with this create employment opportunities.

- To use Council land holdings to support affordable housing.

2.1 Asset Management

Linkages with the Corporate Plan



3 CO-LOCATION OF SERVICES

Continuing on from the earlier lettings of surplus office space within the former County Council Wing to the Two Shires Credit Union and the Worksop CAB, the DWP occupied a substantial part of the ground floor of Queens Buildings from May 2015. This letting not only improved services to users but also reinforced Queens Buildings' as a "hub" for the provision of jointly located local services; it also provided the Council with a new source of income in terms of rent and savings on building running costs recovered from the DWP in the form of a service charge.

Nottinghamshire Police took a tenancy of two floors at 17b The Square, Retford from January 2016. Their relocation into the Council's building not only ensured presence of a local police station in the town centre but utilised unused office space in the building and by doing so this has reduced the Council's running costs of the building.

Substantial rebuilding works are ongoing at Queens Buildings which has already created open plan offices on the ground, first and second floors of the building. Not only will this make better use of the available space and improve the overall working environment, it will enable further office space within the former County Council wing and the Old Town Hall to become available for letting from May 2017.

4 MAINTAINING ASSETS

An essential part of Asset Management is for an effective Planned Maintenance Policy and a thorough understanding of the condition of the property portfolio in order that strategic decisions can be made with full information.

Physical condition surveys were undertaken on 66 properties and sites around 5 years ago. That survey divided the buildings or sites up into a number of elements which is then allocated a condition category from A to D. Each element also has a "repair budget required" allocated to it as well as an identified life expectancy until that element requires repair or replacement.

Where only a repair is identified for an element the budgeted sum reflects an upgrade to condition B (which is defined as *"satisfactory - performing as intended but exhibiting minor deterioration"*). There may be circumstances where a different standard is appropriate for example a short life building used for a temporary purpose. In all cases however the asset must comply with statutory requirements such as health and safety, disabled access, food hygiene.

A new condition survey of all properties (excluding housing assets managed by A1 Housing) has been completed and the cost identified from this work is currently being considered. From this work a new five-year planned maintenance programme will be developed for each property taking into account repairs and maintenance, fire risk recommendations, access improvements and essential health and safety work. The surveys will be carried out for properties where the Council has a direct repairing obligation.

The aim of the programme is to ensure that the Council's assets remain fit for purpose and to shift the focus of maintenance closer to the RICS best practice ratio of 60% (planned) – 40% (responsive) where sufficient funds exist. Overall, this approach should reduce the cost of maintenance over the life of the programme.

The five-year planned maintenance programme will be monitored annually to assess the true maintenance backlog for Council properties. The identified backlog for each property will be the difference in work carried out in year against the identified programme.

When possible, the opportunity to dispose of vacant and underused properties will continue to be considered with a view to further reduce backlog maintenance and generate capital receipts. One potential property being The Regal at Carlton Road, Worksop. Should this property be sold, a repairing liability of between £850k to £1m will wiped off the Council's total backlog maintenance liability.

5 INVESTMENT PORTFOLIO REVIEW

The existing workplan was amended following consideration of the recently completed Employment Land Review. One of the outcomes this review identified is that several of the existing industrial estates are to be earmarked for disposal or redevelopment. The first industrial estate to be disposed of was Old Brewery Yard which generated a capital receipt of £372,000 but also had a back-log maintenance liability of £375,000.

The report also recommended that unused land within the Harrison Drive Industrial Estate at Langold be developed to create a further four industrial units available for letting. Costs have been obtained for the new building units and the redevelopment scheme is ready to progress once funding has been identified

5.1 Key Strengths

- Varied Portfolio with historically relatively very low void rates, currently at around 2%.

5.2 Areas for Improvement

- Due to staff changes there are a wide variety of lease and tenancy agreements that have been adopted and a standard approach is required.

- The stock has remained static over the last five years and there is significant potential through ring fencing to adopt a disposal/re-investment strategy to increase income and provide new assets.

- Ongoing Programmed Property Maintenance (PPM) is required in order to ensure that investment assets are fit for purpose.

- The new Property Management software needs to be fully populated with data, potentially using the i Dox system used elsewhere in the Council

- More effective management of tenant rent arrears through early contact and use of bailiff action where necessary.

5.3 Threats

- Market volatility/demand for properties held in portfolio.

- Property condition and changes in legislation that will impact on the ability to let poorer quality properties. The RICS website reports the following:

  "As from the 1st April 2018 there will be a requirement for any properties rented out in the private rented sector to normally have a minimum energy performance rating of E on an Energy EPC. The regulations will come into force for new lets and renewals of tenancies with effect from 1st April 2018 and for all existing tenancies on 1st April 2020. It will be unlawful to rent a property which breaches the requirement for a minimum E rating, unless there is an applicable exemption. A civil penalty of up to £4,000 will be imposed for breaches. There are separate regulations effective from 1st April 2016 under which a tenant can apply for consent to carry out energy efficiency improvements in privately rented properties."

- Tenant default (failure to pay rent and comply with repair covenants).

- Property voids.

5.4 Key Objectives

- Property management to maximise investment return in line with market conditions.

- Debt management through liaison with tenants and if necessary, bailiff action to recover arrears

- Minimise letting voids through pro-active property management

- Performance is challenged continuously and poorly performing properties are identified through benchmarking/performance measures. Assessments are to be made in respect of further investment or disposal

- Undertake maintenance on a planned basis to maintain asset life, repairs to take into account whole life costing

- To seek to acquire new properties where possible which can generate a financial return for the Council greater than that obtained for alternative non-property investments held by the Council in order to enhance the income streams outlined above.

- The disposal of underperforming assets as identified in the employment land review in order to reduce the Council's costs in terms of management and day to day maintenance and to provide a source of income to reinvest in replacement income producing assets.

6 PROPERTY DISPOSALS

6.1 Key Objectives

- To generate capital receipts that can be reinvested in services or other assets that meet the needs of the organisation.
- To focus on the sale of non-income generating assets to minimise income loss as far as possible in the early stages of the programme and then through a robust property review exercise.
- As the supply of surplus property and development land comes to an end, future disposals will be prioritised based on investment performance as identified in the performance management framework.
- Investment and disposal decisions are based on thorough option appraisal and whole life costs.
- Achieve efficiency savings through disposal of surplus operational property.
- Strategic Service Priorities.
- Regeneration.
- Identification of joint service delivery and partnership working.
- Co-location.
- Property rationalisation.
- Community transfer of assets.
- Sustainability.

6.2 Disposal Workplan

A workplan has been developed which details priority actions under this Strategy. The disposal of surplus property assets provides funding that will help deliver priorities. Increasingly the identification, marketing and subsequent disposal of surplus, under-utilised or under-performing property has become a priority for the Council. However the timing of these disposals must have regard to the prevailing market conditions in order to ensure that the maximum benefit to the Council is achieved. The workplan for 2017/18 includes the following:

- Sale of electricity sub-station sites across the district;
- Land at Broad Gores, Clarborough;
- Land at Turner Road, Worksop;
- Land off Kingston Road, Worksop (in conjunction with the County Council);
- Land at Newgate Street/Bridge Street, Worksop.
- Land and Buildings at Rectory Road, Retford
- The potential disposal of The Regal, Carlton Road, Worksop

The disposals workplan outlines the processes to be followed in terms of initial consultations to confirm that surplus premises are not required elsewhere within the authority, through to marketing and final disposal of the property interest. The Capital Programme remains dependent upon the generation of capital receipts from the sale of assets.

It is important to understand that this is a finite resource and the capital receipts generated from future disposals which are not linked to future initiatives and can be used as an unfettered receipt is relatively low in both number and value.

The impact of the current economic climate and the remaining significant uncertainty regarding the timescale for economic recovery renders the development of a disposals workplan for a 5 year period that can be relied upon as somewhat problematic. It is not possible to predict when the market will recover, or what values will be achieved post recovery. Nevertheless, opportunities to dispose of surplus assets should still be pursued, in particular where these represent an ongoing liability to the Council regardless of the current market conditions. Whilst there are signs of property markets improving locally the position overall remains sluggish and significant improvement in the near future is unlikely.

Agenda Item No.

BASSETLAW DISTRICT COUNCIL

CABINET

9TH FEBRUARY 2017

REPORT OF HEAD OF FINANCE & PROPERTY

ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES – 2017/18

Cabinet Member: Finance
Contact: Dave Hill
Ext: 3174

1. Public Interest Test

1.1 The author of the report, Dave Hill, has determined that the report is not confidential.

2. Purpose of the Report

2.1 Sections 25 and 26 of the Local Government Act 2003 place a personal duty on the Chief Finance Officer to make a report to Council when considering its budget and Council Tax. The report must deal with the robustness of the estimates and the adequacy of reserves.

2.2 The Act requires Members to "have due regard to the report in making their decisions". Where this advice is not accepted, it should be formally recorded within the minutes of the Council Meeting.

3. Background and Discussion

Financial Controls

3.1 There are safeguards to ensure that local authorities do not over-commit themselves financially. These include:

(a) The Chief Finance Officer's powers under section 114 of the Local Government Finance Act 1988, which require a report to Council if there is, or likely to be, unlawful expenditure or an un-balanced budget;

(b) The Local Government Finance Act 1992 (amended by the Localism Act 2011), which requires the Council to calculate its 'council tax requirement' for each financial year, including the revenue costs which flow from capital financing decisions. The Act also requires the Council to budget to meet its expenditure after taking into account other sources of income;

(c) The Prudential Code, introduced under the Local Government Act 2003, which applies to capital financing and treasury management decisions.

3.2 There are also a number of Council Policies and Control Procedures to ensure good financial probity including:

- A comprehensive and effective range of financial management policies. These are contained within the Financial Procedure Rules, which are part of the Council's Constitution.

- An annual review of the effectiveness of internal audit and reports on this in the Annual Governance Statement.

- Effective risk management policies, identifying corporate, operational and budget risks and mitigating strategies. Any capital projects are subject to a comprehensive scoring and prioritisation process, and monitored on a bi-monthly basis by the Capital Budget Monitoring Group, chaired by the Cabinet Member for Finance.

- The internal and external audit functions play a key role in ensuring that the Council's financial controls and governance arrangements are operating satisfactorily.

- The review processes of Cabinet, Overview & Scrutiny, and the Audit & Risk Scrutiny Committees support this role.

<u>Robustness of Estimates</u>

3.3 Under Section 25 of the Local Government Act 2003 the Section 151 Officer is required to provide a commentary assessing the robustness of the estimates when Cabinet and Council are considering the budget proposals. The key strategic risks in considering the 2017/18 revenue budget proposals and Capital Programme in the context of the Medium Term Financial Plan are:

<u>General Fund Revenue Expenditure</u>

- A 1% increase has been applied to each year in respect of the assumed pay award. The adoption of the discretionary Living Wage has been allowed for when setting budgets.

- The Nottinghamshire County Council Pension Fund have completed their latest triennial review, which is effective from April 2017. The review set the percentage of payroll at 16.2% for active employees, with an annual lump sum of £1.13m for the back-funding element attributed to former employees. For 2018/19 the back-funding element that has been applied to budgets is £1.159m and £1.187m in 2019/20.

- The Council is currently undertaking a new job evaluation exercise, with any changes potentially being implemented from April 2017. This will still be subject to agreement with the trade unions. A dedicated Job Evaluation Reserve exists to meet residual costs. Any remaining balance on the Job Evaluation Reserve will be written back to revenue once implemented.

- No inflationary increases have been applied to general budgets, however any contracts that are linked to RPI have received an inflationary increase of 1.8%.

- Through effective treasury management the Council is currently under-borrowed by £13.1m, which means that the budget for long term borrowing interest can be reduced. For cashflow purposes, if short term funds are required in year, then temporary borrowing will be undertaken, however it is not envisaged that this will be needed.

- BPL continues to provide a well-respected leisure service, and the current contract runs until March 2020. There has been a net increase in the budget requirement for 2017/18 due in the main to the expected cost of implementing the National Living Wage.

- Once again the Council has been proactive in anticipating budget reductions and putting measures in place to meet the established savings target. In preparation for 2017/18, a savings target of £0.719m was established. This has been achieved in year through a combination of :

  Expenditure:
  - Review of BDC/A1 Housing Service Level Agreements;
  - Reductions in contingencies;
  - Review of staff car mileage payments;
  - Zero-based Budget Review;
  - ICT Contract reviews.

  Income:
  - Council tax increases and growth in the taxbase;
  - Sharing of office accommodation;
  - Retained business rates growth.

<u>General Fund Revenue Income</u>

- There is now a greater certainty on the Icelandic Bank investments made in 2008. For the two UK registered banks, Heritable bank and Kaupthing Singer & Friedlander bank have now made payments to the Council of £1.990m (98%) and £0.872m (83.8%) respectively, (including a share of interest), against the initial £3.0m investment. The holding in Glitner bank was sold in February 2015 for £1.959m (94.0%) against the initial £2.0m investment. The holding in Landsbanki bank was sold in February 2014 for £2.887m (91.2%) against the initial £3.0m investment.

- Investment income interest rate assumptions have been set at 0.5%, which is prudent given current market forecasts.

- The Council undertakes a detailed examination of existing and new potential fees and charges by a Member/officer working group every two years. This was conducted during September 2016. Income budgets have been set in accordance with the Corporate Charging Policy with a baseline increase of 3%, and realistic estimates have been included within the budget based on estimated usage of each service.

- The number of specific grants reduces year on year as they are rolled into the Settlement Funding Assessment. The DWP element that relates to housing benefits is still a ringfenced grant, but this has not yet been announced by government - an assumption has been made at £0.362m in the budget. The budget assumes that this will reduce by 9% each year thereafter.

- The Council and A1 Housing review their Service Level Agreements on an annual basis. A number of amendments have been made within the budget and further changes are expected during 2017/18 as some A1 staff are transferred to BDC.

General Fund Financing

- The Extraordinary Cabinet meeting in January 2017 approved a taxbase of 33,916.77 Band D properties, which is an increase of 837 properties. The Council Tax remained static between 2009/10 and 2013/14, but was increased by 1.5% for 2014/15 and 2015/16, and increased by 1.9% in 2016/17. The budget report proposes an increase of 1.9% for 2017/18 due to the cuts to central government funding.

- The LGA Peer Review in December 2014 commented on the reliance of New Homes Bonus by placing all of the allocation into the mainstream revenue budget. In December 2015 as part of the Medium Term Financial Plan, Cabinet approved a New Homes Bonus Strategy which adopts a phased withdrawal of this funding from the revenue budget over a four year period. It was agreed that this money will instead be transferred into the capital programme for future one-off capital projects that will provide future revenue savings for the authority.

- The ministerial statement in December 2016 identified a headline reduction in Revenue Support Grant of 37.6% for Bassetlaw, and a retention of £16.18m of business rates collected for 2017/18. Officers also expect to collect a greater proportion of business rate growth in year, and an amount of £0.742m has therefore been built into 2017/18 on top of the government's figure.

- The government's latest move to funding local services from business rates has created a degree of risk for all Section 151 officers when setting Council budgets. This is because a high degree of volatility still exists due to the impacts of business rate reforms, the 2017 revaluation exercise, the success of outstanding appeals, and changes to ratings relating to doctors surgeries and power stations.

General Fund Provisions and Reserves

- The Council holds an Insurance provision against general fund losses of £0.099m. This figure is based upon 100% of the cumulative cost of the loss adjusters estimated value of each individual claim. This provision is re-assessed each year during the closure of accounts process.

- As a further measure against financial risk, the Council operates strategic Corporate Contingency and Legal Contingency Funds for which £0.104m and £0.100m respectively has been allocated to each for the 2017/18 budgets. This is deemed to be sufficient to cover exceptional budget variances or emergencies that might occur in the year.

- The continuing credit crisis has added uncertainty about the current economic environment, and this has exacerbated the future effects on the Council in terms of debt collection rates and increased housing benefit levels. In the interests of prudence, the Council has included a bad debt provision of £0.05m within the budget

Housing Revenue

- 2017/18 is the sixth year of HRA Self-financing following all of the changes (including a transfer of an additional £26.9m of long-term debt) that were implemented in April 2012. The comprehensive business plan is a 'living document' in that it is updated on a continuous basis as and when events and changes occur, and this has proved that the HRA and its associated capital programme are both viable and affordable over the 30-year term. A government prescribed 1% rent cut for a four year period has been included within the 30 year HRA business plan, and this has meant the Council loses circa £30m of investment from the programme over the next ten year period. However officers have still managed to present a balanced 30 year business plan by deferring the intended debt repayments into later years.

- Under self-financing, all of the treasury management decisions are now made specifically for Housing as the loans pool is split into two i.e. one for General Fund and one for the Housing Revenue Account. The Treasury costs are one of the largest budgets within the Housing Revenue Account, and as a result of the changes, these are relatively fixed giving added stability to the decision-making process.

Capital Programme and Funding

- Funding for General Fund capital schemes, particularly in later years, remains subject to generating capital receipts and being successful in bidding for grants. In the absence of that funding some schemes will likely not be affordable. Prudential Borrowing will be used for 'long life' assets as a substitute for capital receipts and where it positive cash flows can be demonstrated. This additional pressure on the Minimum Revenue Provision (MRP) has been built into the revenue budgets.

- The effects of major flooding within the district became a reality in 2007 and this may happen again. Since that time measures have been instigated in response to the Pitt Review, and a number of key projects have been completed with regard to flood alleviation schemes. The Council takes a proactive approach to flood mitigation, and further resources are being committed as part of the Capital Programme for 2017/18 and future years.

- The General Fund Capital Programme budget report provides an indication of the levels of capital receipts/New Homes Bonus that remain unallocated at the time of setting the budget. These sums provide the upper limit of the capital programme, and further schemes are not approved until any future capital receipts have been received and banked. This approach is seen as best practice and has been applied in Bassetlaw for many years.

- The Capital Programme is set out in a separate report. In summary, the costs of borrowing used to fund the Capital Programme are accounted for in the 2017/18 revenue budget.

Statement of Accounts

- The Council has sound Financial Management arrangements in place as evidenced by the positive *Report to those charged with governance (ISA260) 2015/16* received from KPMG as the external auditors.

Adequacy of Reserves

3.4 The Local Government Finance Act 2003 requires authorities to have regard to the level of reserves when calculating their budget requirements. Professional guidance is set out to assist in this deliberation *(guidance note on Local Authority Reserves and Balances – LAAP Bulletin 99 – July 2014).*

3.5 Earmarked Reserves are intended to be used for specific purposes over a period of time of more than a single financial year. These earmarked reserves either protect the Council against specific financial risks, or they are used as a means of funding specific revenue projects. The main reserves held by the Council are detailed below in para 3.8.

3.6 The General Reserve is a corporate contingency to be deployed by either Cabinet or Council for any purpose within the legal powers of the Council. Examples of the purposes for which it might be used include: dealing with unforeseen in-year budget pressures, financing once-only items of expenditure, or creating a strategic earmarked reserve.

3.7 In consideration of this guidance, the Council is maintaining its Minimum Working Balance of £1.0m for the General Fund, and £1.3m for the Housing Revenue Account. In the event of these Minimum Working Balances being compromised, Cabinet and Council, as advised by the Section 151 Officer, must agree a plan to restore the balance in the following financial year.

3.8 The resulting levels of General Reserves and Balances from the proposed 2017/18 budget (i.e. at 31st March 2018) are summarised below. Further details are available in the budget report elsewhere on this agenda.

	31st March 2018 £'000
General Fund Revenue	
Minimum Working Balance	1,000
General Reserve	661
Job Evaluation Reserve	381
New Homes Bonus Reserve (Revenue)	590
Insurance Reserve	298

Business Rates Volatility Reserve	200
Business Rates Pooling Reserve	503
Retained Business Rates Reserve	257
Leisure Management Trust	153
Income Volatility Reserve	200
Developers Revenue Contributions Unapplied	59
Invest to Save	95
Visitors Strategy Reserve	80
Other Minor Reserves	328
	4,805

Housing Revenue	
Minimum Working Balance	1,300
General Reserve	51
	1,351

Capital	
Capital Receipts (General Fund)	1,127
Capital Receipts (HRA)	1,130
Minimum Revenue Reserve	322
	2,579

<u>Future Years</u>

3.9 The budget report outlines the expected financial position of Bassetlaw between now and 2021. The savings target for 2018/19 has been set at £0.953m, with a further £0.708m for 2019/20. Together, savings of £1.661m are required by March 2020.

4. Implications

(a) For service users

None arising directly from this report.

(b) Strategic & Policy

The Revenue Budget process supports the Medium Term Financial Plan in delivering the Council's objectives of being efficient and effective.

(c) Financial - Ref: 17/562

The Head of Finance & Property, as designated the Council's Section 151 Officer, has outlined his opinion on the robustness of the estimates and adequacy of reserves.

In summary, the Head of Finance & Property is satisfied that the advice given to Members satisfies his statutory fiduciary duty as required under Section 25 of the Local Government Act 2003.

(d) Legal – Ref: 727/02/17

The Local Government Act 2003 places duties on Local Authorities with regard to financial management. When an Authority is deciding on its annual budget and Council Tax level it will have to take into account a report from its Chief Finance Officer on the robustness of the budget and the adequacy of the authority's reserves.

Members should be aware that also under the Local Government Act 2003, the authority is under a duty to monitor its budgets during the year and consider what action to take if deterioration is identified.

(e) Human Resources

None arising directly from this report.

(f) Community Safety, Equalities, Environmental

None arising directly from this report.

(g) This is not a key decision in its own right, but supports the suite of budget papers under key decisions 609 to 613.

5. Options, Risks and Reasons for Recommendations

5.1 The LAAP bulletin 99 states that:

"The financial risks should be assessed in the context of the authority's overall approach to risk management."

5.2 The following table therefore represents the Head of Finance & Property's judgement of the residual risks of there being variances (over or underspending) from the budget, after taking account of the measures discussed in paragraph 3.3 above:

AREA OF RISK	RISK FACTOR	ACTIONS TAKEN
Revenue spending above budget	High	Rigorous budget monitoring throughout the year should ensure that variances in budgets are identified early during the year and actions put in place to address the problems wherever possible. Managers, Directors and Portfolio holders all receive monthly budget monitoring information. Budget holder refresher training is provided during the year. There are clear lines of accountability and budget officers are well aware of their financial responsibilities, but as budgets get smaller then the pressure and risk of overspending increases.
Achieving the savings target in future years	High	This is in response to forecasted reductions in Revenue Support Grant. The Council has yet to face the full implementation of welfare reforms, and it is not yet clear what additional responsibilities the Council will be given relating to 100% retention of business rates. The Council has a good track record in

		responding to financial challenges, and this will require the same co-ordinated and objective approach to be taken by Members and Officers together over the coming months to identify the savings and ensure that the Minimum Working Balances are maintained.
Income achievement	Medium	Income budgets have been maintained at realistic levels within the budget. Budget accountability is clearly identified and rigorous budget monitoring takes place throughout the year. A Corporate Charging Policy is in place for fees and charges.
Business Rate Appeals	Medium	The position is unclear as appeals have been lodged but await assessment by the VOA. A fresh batch of appeals is expected as a result of the 2017 revaluation exercise. The main concern is the backdating of appeals over a number of previous financial years, however a provision has been made for this specific purpose. This has also been partly mitigated by being part of the Nottinghamshire Business Rate Pool and the 92.5% safety net agreement. The Council does maintain a Business Rate Volatility Reserve.
Achieving target spending for capital programme	Medium	The bi-monthly Capital Budget Monitoring Group monitors and co-ordinates the capital programme. Accountability clearly identified.
Volatility of grant income (excluding RSG)	Medium	Very few ring-fenced grants now exist, however the main ones are the New Homes Bonus where appropriate measures have been taken to remove from mainstream revenue budgets, and the Housing Benefit Admin grant for which expected reductions of 9% each year have been built into the budget.
Impacts of Devolution	Medium	The outcomes of devolution are as yet unknown, but the consequences may have an impact on the level of retention of business rate income.
Exposure to Borrowing interest rate changes	Low	Substantial levels of long-term borrowing were undertaken in March 2012 in preparation for the new HRA self-financing regime. It is unlikely that high levels of borrowing will ensue in the coming years. The majority of loans are on fixed rates.
Investment interest rate changes	Low	Interest rate forecasts from Treasury advisors have been used in the calculation. Cash balances for investment have been assessed prudently, taking into account the strategy of using investments as an avoidance of borrowing. Consequently the budget is set at

		low levels of return.
Complying with grant requirements	Low	Very few grants in operation. No adverse audit commentary received.

6. Conclusions

6.1 Having considered the above risks, the conclusion of the Section 151 Officer is that the Council be advised that overall:

- The estimates are sufficiently robust, and,
- The levels of reserves and balances forecasted to be held at 31st March 2018 are adequate,

to allow the Council to set the Revenue Budget, Capital Programme and Council Tax for 2017/18.

6.2 The government have offered a greater degree of certainty by announcing a four year settlement. The current forecasts are for a savings requirement of £1.661m by March 2020. With this in mind, both Members and officers must deliver a programme of change and modernisation to mitigate any detrimental impact these changes may impose upon Bassetlaw District Council in future years.

7. Recommendations

7.1 That Cabinet considers this report in conjunction with the suite of other budget reports also reported on this agenda and recommends it to full Council on 7th March 2017.

Background Papers	**Location**
Budget working papers	Accountancy office

Contact us

01909 533 533

www.bassetlaw.gov.uk

customer.services@bassetlaw.gov.uk

Text us on 07797 800 573

Find us on Facebook - BassetlawDC

Twitter @BassetlawDC

Visit us at:

Retford One Stop Shop
17B The Square, Retford DN22 6DB

Worksop One Stop Shop
Queens Buildings, Potter Street, Worksop S80 2AH

All offices are open: Monday to Friday 9:00am to 5:00pm

If you need any help communicating with us or understanding any of our documents, please contact us on 01909 533 533.

We can arrange for a copy of this document in large print, audiotape, Braille or for a Language Line interpreter to help you.

Bassetlaw
DISTRICT COUNCIL
— North Nottinghamshire —